

# Royal Borough of Greenwich

## Statement of Accounts

2023/24

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## **Introduction from Councillor Denise Hyland, Cabinet Member for Finance, Resources and Social Value, Royal Borough of Greenwich**

This statement of accounts covers the financial year 1 April 2023 to 31 March 2024.

We have faced many unprecedented challenges in the last year, but we have still managed to achieve great things for residents who are struggling with the cost of living crisis.

With over 25,000 people on our housing waiting list, the housing emergency is costing us over £19m a year in temporary accommodation costs alone, forcing us to make some difficult decisions to balance our budget and continue to fund vital frontline services.

Further to this, the cost of living crisis has not eased quickly enough and more and more people are turning to the council or community services for support.

Despite the hardship faced, and the pressures on our finances, we have a lot to be proud of.

This year alone, 6,200 fuel vouchers were given to communities who are struggling with debt, and our Council Tax Support scheme supported approximately 21,600 residents.

We have established a new borough wide Public Space Protection Order to tackle street harassment and gender-based misogyny, funded warm and Welcoming Spaces and helped pensioners increase their income through £939,000 in previously unclaimed Pension Credit.

We've supported the wellbeing of children in care by opening a new children's home, while also launching our pioneering new scheme to open mental wellbeing hubs in schools across the borough.

More than just support, we are investing in our future as a borough – from our biggest ever investment into council homes through our £800 million capital works programme, to £7.6 million invested into improving transport in our borough, so generations to come will find it easier to walk, cycle and move in and out of our borough.

We have also been awarded Borough of Sanctuary status, reflecting our value and respect for the contribution of refugees, migrants and those seeking sanctuary.

We are doing all of this despite a 53% cut in our finances since 2010 because we believe this borough can be a great place to live for people of all ages, genders, ethnicities, religions and abilities.

We govern by serving.

**Councillor Denise Hyland**  
**Cabinet Member for Finance, Resources and Social Value, Royal Borough of Greenwich**

## Narrative Report

The Royal Borough of Greenwich is one of 33 London Boroughs. The borough is home to:

- a World Heritage site
- the O2 arena
- Greenwich Park
- the Cutty Sark
- the Royal Arsenal in Woolwich and
- the Prime Meridian

These are just a few of the world class attractions in the borough.

The Authority operated in 2023/24 with a Leader / Cabinet system with 55 councillors in total (23 wards); the current political balance is 51 Labour, 1 Liberal Democrat and 3 Conservative councillors. The previous Borough wide elections took place in May 2022.

Over the course of 2023/24, the authority was grouped into 6 distinct directorates:

- Children's Services
- Health and Adult Services
- Regeneration, Enterprise and Skills
- Housing and Safer Communities
- Communities, Environment and Central
- Finance and Legal Services

## Council Services

The Royal Borough of Greenwich offers services to residents in the following areas:

- **Advice and Benefits** - Welfare Rights, Housing Benefit and debt, as well as what to do in an emergency
- **Business** - Business support services, doing business with the council, and information about licensing and trading standards
- **Community and Living** - births, deaths, marriages and citizenship, community safety and anti-social behaviour, community grant funding and family history research
- **Council and Democracy** – information on councillors, local matters, voting, council tax
- **Education and Learning** - schools and colleges, childcare arrangements, adult learning courses, and help with schooling costs
- **Environment and Planning** - recycling, street cleaning, noise and pollution, planning and conservation, building control and parks and open spaces
- **Health and Social Care** - adult care services, support for families and children and people with disabilities
- **Housing** - Exchanging a council home, access services for council tenants, assessing housing options and information for landlords and leaseholders
- **Jobs and careers** - council jobs and other opportunities through Greenwich Local Labour and Business (GLLaB)
- **Leisure and Culture** - local leisure facilities, libraries, entertainment and events, as well as tourist information
- **Transport and streets** - parking and transport information, as well as resources for cyclists and foot tunnel users

More information on the above services is available on our website [www.royalgreenwich.gov.uk](http://www.royalgreenwich.gov.uk)

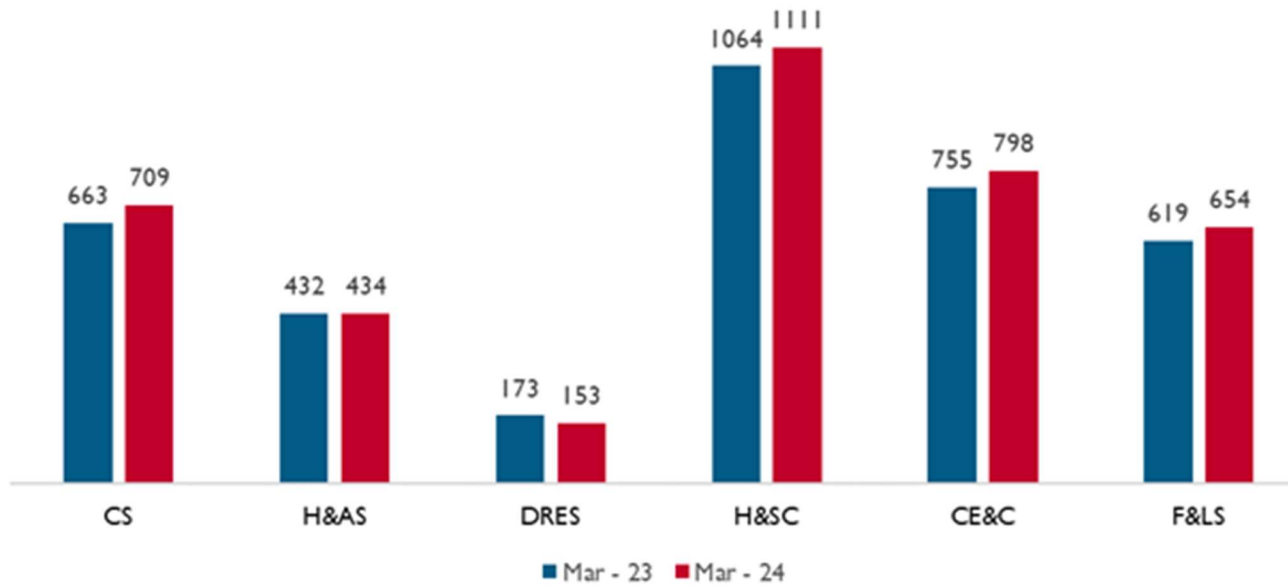
## Staffing

The Royal Borough of Greenwich employs 3,866 staff. The demographic composition of the workforce as at 31 March 2024 was:

- 56% female
- 36% BME
- 6% disabled
- an average age of 46.7
- an average of 11.5 years service

The number of staff working in each Directorate as at 31<sup>st</sup> March 2024 is illustrated in the chart below:

Headcount by Directorate



## Future Challenges

On 6th March 2024 a MTFs report was presented to Council. The report set out the forecasted budget position for the Authority between 2024/2025 and 2027/28. The report showed a budget gap of £26.8m in 25/26, increasing to £54.2m in 27/28.

The Local Government Association (LGA) published the Local Government White Paper on 05 June 2024 assessing the current nationwide issues facing Councils. The LGA's modelling of councils' future cost pressures and income estimate that councils face a funding gap of £2.3 billion in 2025/26 and £3.9 billion in 2026/27. These gaps relate to the funding needed just to maintain services at their current levels.

The Council continues to face increases in demand for services, inflationary cost increases, and demographic cost pressures, particularly in Childrens' Social Care, Special Educational Needs and Disabilities (SEND), Adult Social Care and temporary accommodation.

Individual local authorities receive core grant allocations via the Local Government Finance Settlement. In recent years this has been provisionally released in December preceding the following financial year (final grant allocations confirmed in the February). 2024/25 was the sixth one-year settlement in a row. This one-year settlement marks the end of the current Spending Review period. The absence of a long-term settlement hinders the ability of local authorities to plan effectively for the medium-term and drives us to make assumptions and judgements about future years. All such assumptions and judgements are underpinned where possible by third party reference sources, for example, the Office of Budget Responsibility (OBR), and the Bank of England (BOE).

In the Autumn Statement, announced on 22 November 2023, departmental resource spending for the years beyond the current Spending Review period (2025/26 to 2028/29) are indicated to continue to grow at 1% a year on average in real terms, which implies real terms cuts for 'unprotected departments' like Local Government.

The absence of a long-term settlement hinders the ability of local authorities to plan for the medium-term effectively and drives us to make assumptions and judgements about future years. All such assumptions and judgements are underpinned where possible by third party reference sources, for example, the Office of Budget Responsibility (OBR), and the Bank of England (BOE).

The UK Economic Position impacts the delivery of the services throughout the council in multiple ways. The performance of the UK economy affect the Government funding received and the costs incurred to deliver council services. The key national economic indicators are summarised below.

Local Government has been awaiting funding reform since the original planned 2019/20 implementation and has been repeatedly deferred. Most recently this was deferred to 2025/26. This remains significant risk to the Council.

A new Government will mean more uncertainty, at least in the short term.

## Performance

In 2022, The Royal Borough of Greenwich launched Our Greenwich, which is a plan for the four years of the current administration. It focuses on the change we collectively want to see in our borough. It has been developed with residents, partners and staff. The plan continues to evolve through our yearly action planning process which once again reached out to all our stakeholders to ensure we are continuing to focus on delivering the changes that are most important to Greenwich. The document is structured around five themes leading to 20 missions: -

- 1 People's health supports them in living their best life
- 2 People will not experience discrimination
- 3 Those in financial need can access the right support, advice and opportunities to improve their situation
- 4 Children and young people can reach their full potential
- 5 Everyone in Greenwich is safer, and feels safer
- 6 People in Greenwich have access to a safe and secure home that meets their needs
- 7 It is easier, safer and greener to move around the borough and the rest of London
- 8 Development delivers positive change to an area for existing and new communities
- 9 Neighbourhoods are vibrant, safe and attractive with community services that meet the needs of local residents
- 10 Greenwich plays an active role in tackling the climate crisis and improving environmental sustainability, in line with our commitment of being carbon neutral by 2030
- 11 Everyone has the opportunity to secure a good job
- 12 Town centres, high streets and shopping parades are vibrant, prosperous, well-maintained places that meet the needs of local people
- 13 Our economy attracts new high value businesses whilst strengthening its foundations
- 14 The voluntary, community and socially motivated sectors in Greenwich are strengthened and able to provide more support to the most in need
- 15 Our Council is better at listening to communities, and communities feel they are heard
- 16 We develop networks with communities, key partners and businesses to meet need and address challenges together
- 17 We design our services around the needs of our residents
- 18 Our Council is an adaptive organisation, enabling it to navigate the increasing number of challenges it faces while remaining financially sustainable
- 19 Our Council works in the most efficient and effective ways possible
- 20 Our Council is a great place to work, with a diverse workforce who have the right skills and are motivated and empowered to deliver



## Over the last year we have:

### People:

- Published a new Health and Wellbeing Strategy for the Borough
- Won a national award for our fostering service
- Successfully lobbied government to extend household support grant
- Awarded Borough of Sanctuary status
- Opened a new children's home:
- Council tax support scheme helped approximately 21,600 residents
- 6,200 fuel vouchers were given out to resident struggling with debt
- 1,500 free pack-lunches a week to children during school holidays
- Established a new borough wide Public Space Protection Order – fines for street harassment to tackle gender-based misogyny
- We helped 221 pensioners get more than £939,000 in unclaimed Pension Credit
- £100,000 in Greenwich Supports funding to 10 community organisations to run Welcoming Spaces

### Place:

- Greenwich had the most new affordable homes started by either the Council or housing associations at 2,426
- Biggest ever investment in council homes through our £430m capitol works programme
- Tougher licensing of HMOs through our additional and selective licencing expansions
- Emission based parking charges launched
- 20mph speed limit rolled out across borough
- £3.1 million investment to improve transport
- Further improvements to Woolwich town centre kicked off
- 11 parks revamped as £1million investment works complete
- Three London in Bloom awards
- 70% of our residents recycling more:

### Economy:

- Inclusive Economy Strategy developed and agreed
- Launched a Coop Commission

- 22% rise in Living Wage Employers

#### Communities:

- £100,000 in Greenwich Supports funding to 10 community organisations to run Welcoming Spaces
- Celebrating the success of our Community Innovation Grant programme – supports projects that tackle unfair differences in health and positively impact the mental health and wellbeing of our residents
- We launched Community Supports Greenwich to make it easier for residents to find opportunities to give back to their community

#### Organisation:

- Prestigious award for our work combatting fraud

### Financial Performance

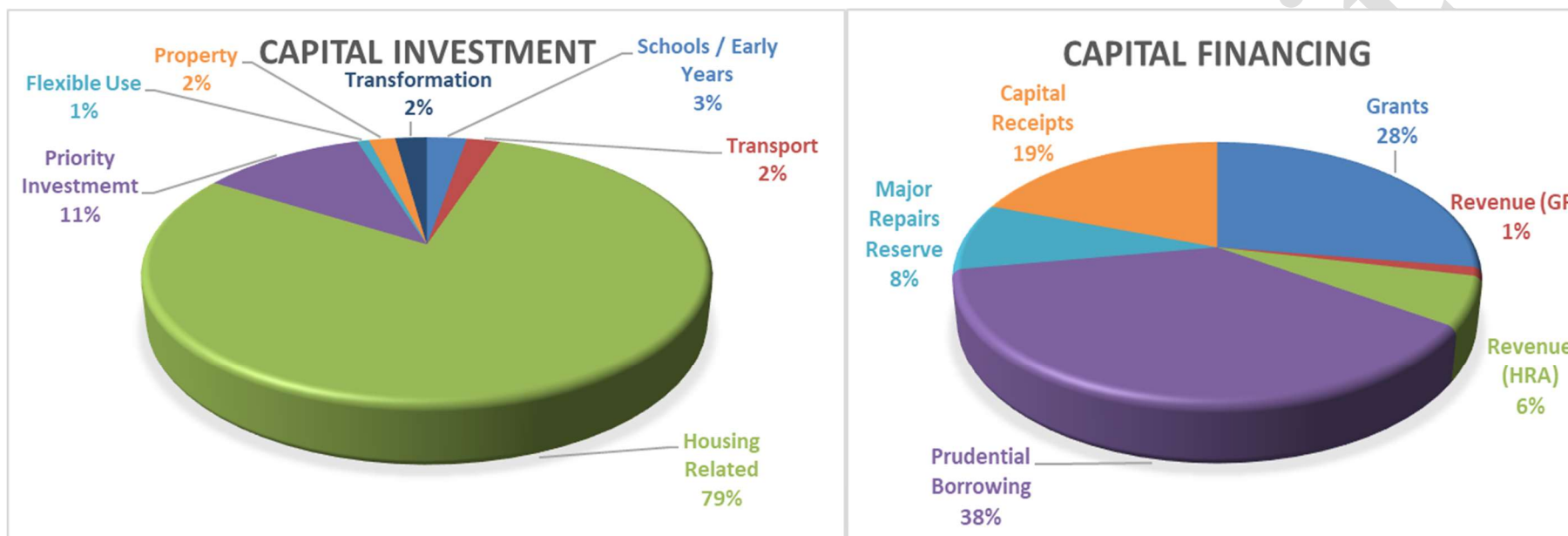
The Council continues to face significant pressures from government policy, alongside local / national demographic and economic trends. Against this backdrop, the borough is reviewing how to best utilise its natural and financial resources in order to counter these pressures. The Council has a medium term financial strategy in place covering a rolling four year period.

#### Capital

Capital investment totalled £318m in 2023/24, of which £251m was deployed on housing related projects that deliver new homes and improvements to the existing stock. Capital investment continues to be made on educational establishments, as part of transformational regeneration projects and towards the Councils Carbon Neutral commitment. During the financial year Royal Greenwich took further advantage of the time limited Flexible Use of Capital Receipts directive, with £3m of service transformation costs funded from capital receipts.

Financing for the capital investment programme is derived from various sources including revenue and grant streams, capital receipts and borrowing. All borrowing undertaken is sustainable, in that debt servicing costs are supported by identified revenue budgets.

External borrowing at 31 March 2024 was £464m.



## Revenue Outturn

The table below shows the final revenue position for the Authority for 2023/24 and the preceding year for comparison:

Actual Spend versus Budget	Overspend / (Underspend)	
	2023/24 £m	2022/23 £m
<b>Departmental</b>		
Health & Adults	8.4	3.9
Children's	8.6	5.8
Communities and Environment	(0.4)	0.6
Housing & Safer Communities	7.8	3.8
Finance & Legal	(0.9)	0.5

Regeneration, Enterprise & Skills	(1.1)	0.1
<b>Service Total</b>	<b>22.4</b>	<b>14.7</b>
<b>Corporate</b>		
No Recourse to Public Funds	2.8	2.8
Transportation & Parking	8.4	7.6
Freedom Pass in-year support	(2.6)	
Treasury Management	(9.2)	(10.1)
Other Resources	(8.3)	(4.9)
Fuel, Energy, Climate, and Rethinking resources	(3.1)	
Business Rates Additional Income	(2.9)	
Council Tax and Business Rates Credits	(0.7)	
Utilisation of Covid reserves		(9.6)
Utilisation of Risk Reserves	(6.8)	
Savings to be delivered	9.0	
Underwritten by Reserves	(9.0)	
<b>Corporate Total</b>	<b>(22.4)</b>	<b>(14.2)</b>
<b>Net GF Position</b>	<b>0.0</b>	<b>0.5</b>
Increase / (Decrease) in General Reserve	(0.0)	(0.5)
<b>HRA Position</b>	<b>0.5</b>	<b>1.2</b>

The key budgetary pressures in 2023/24 were in:

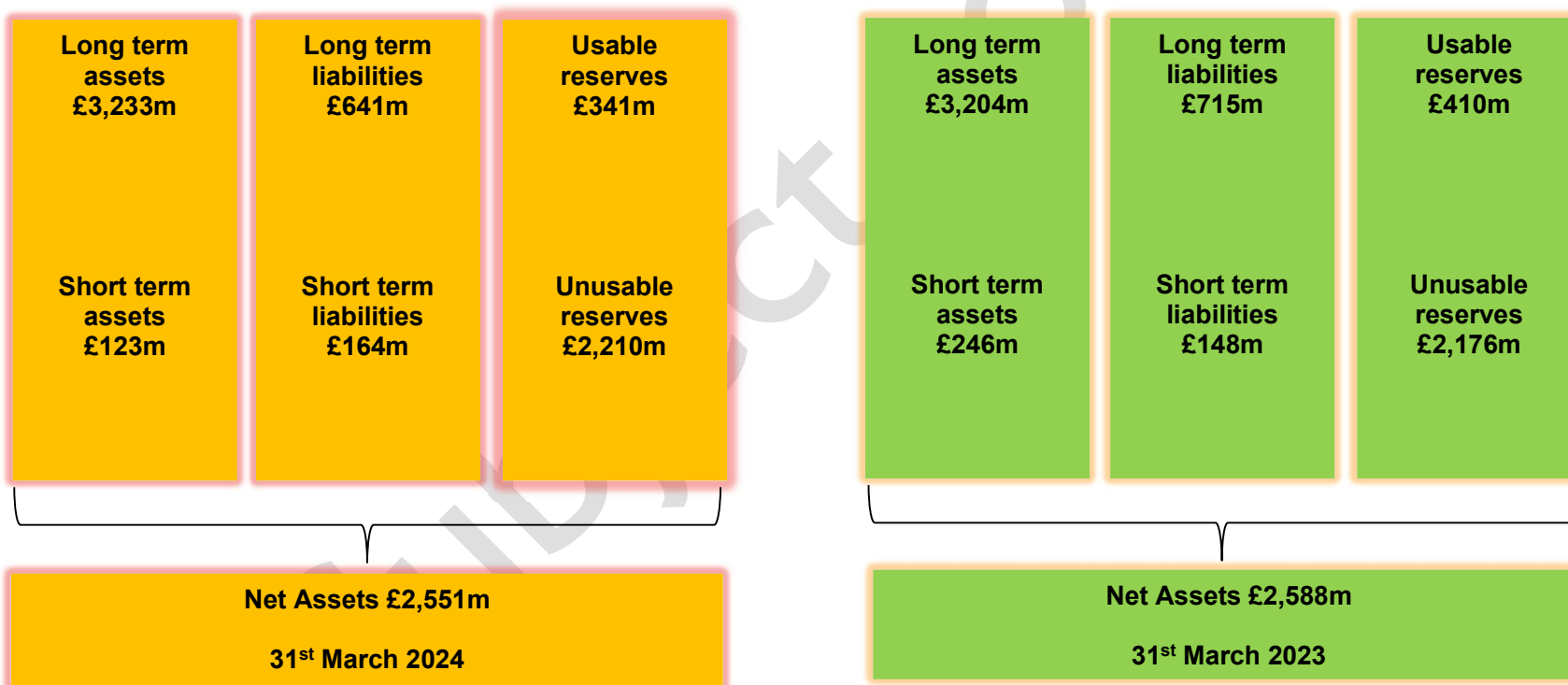
- Health & Adults – There has been an increase in care package spend, as well as an increase in spend against more independent forms of living.

- Children’s Services - additional pressures on placement and transport budgets.
- Housing and Safer Communities – additional expenditure pressures in relation to Emergency Overnight Accommodation and Temporary Accommodation.
- Transportation & Parking - primarily due to lower enforcement revenue raised compared to budget.

These pressures have been met through a combination of temporary savings on Treasury Management activities, one-off resources and underspends in other Directorates.

### **Balance Sheet**

The balance sheet has seen an increase in its net worth as can be seen in the graphic below.



## Housing Revenue Account

The Council has a stock of 20,310 social rented homes and 5,188 leaseholders. A £463m multi-year programme to increase and improve its housing stock is underway, with £229m of investment during 2023/24.

The Council manages its own Housing Stock and collected £109m in dwelling rents and £23m in service charges in 2023/24. This income is held in a ring-fenced account (the Housing Revenue Account) which can only be used for managing and maintaining the housing stock and associated services.

## Pension Liabilities

The Royal Borough of Greenwich Pension Fund is independently revalued every three years (triennial valuation). The most recent revaluation, as at 31 March 2022, assessed the funding level at 103% compared with 97% in 2019.

The Council is an employer within the Royal Borough of Greenwich pension fund and plans to achieve a 100% funding level over a period of no more than 20 years. The triennial valuation confirmed that the contribution rate payable would continue to be frozen – such that it will have remained at the same level for over a decade now.

## Strategic Risks for the coming year

A risk management strategy is in place to identify and evaluate risk. The risks with high likelihood and with the highest potential impact have been included in the table below:

Risk	Impact
Medium Term Finance Strategy	<ul style="list-style-type: none"> <li>• Adverse impact on the Council’s financial standing</li> <li>• Threat to service delivery and inability to deliver other significant priorities</li> <li>• Threat of failure to fulfil statutory duties</li> </ul>
Cyber Security & Data Breaches	<ul style="list-style-type: none"> <li>• Staff unable to access systems and deliver services which disrupts council business.</li> <li>• Threat actors gain access to Council data and systems possibly resulting in temporary or permanent loss of data and/or sensitive data exposure in the public domain</li> <li>• Financial penalties imposed due to a breach of regulations</li> <li>• Disconnection from the Public Sector Network (PSN) and/or data sharing/access with other organisations</li> <li>• Reputational damage including loss of public confidence in the organisation</li> </ul>
Achieving Carbon Neutral by 2030	<ul style="list-style-type: none"> <li>• Council unable to evidence progress in emissions reduction</li> <li>• Service provision disrupted by extreme weather events.</li> <li>• Reputational damage due to perceived lack of action to tackle climate change by Council.</li> <li>• Reduced health of residents attributed to extreme weather and poor air quality.</li> <li>• Damage to infrastructure and local businesses.</li> </ul>
Business Continuity, Emergency Planning	<ul style="list-style-type: none"> <li>• Key services fail to support the recovery efforts</li> </ul>
Health & Safety, Compliance and Wellbeing Procedures	<ul style="list-style-type: none"> <li>• Breach of statutory duty resulting in increased risk of injury to persons and damage to property</li> </ul>
Key Strategic Partnerships and Supply Chain Security	<ul style="list-style-type: none"> <li>• Potential failure of services</li> <li>• External pressures force suppliers to cut back on contracts/performance.</li> <li>• Budget loss where sums have been invested in services before delivery.</li> </ul>

Health & Safety. Compliance and Wellbeing Procedures	<ul style="list-style-type: none"> <li>• Breach of Statutory Duty</li> <li>• Compensation Claims</li> <li>• Reputational damage</li> </ul>
Loss of life and limb through lack of residential building safety	<ul style="list-style-type: none"> <li>• Lack of effective maintenance / compliance regime</li> <li>• Residents at risk of injury</li> <li>• Resources to raise conditions of properties</li> </ul>
Demand for School Places	<ul style="list-style-type: none"> <li>• Failure to meet statutory duty</li> <li>• More children qualify for school transport resulting in additional budget pressure</li> <li>• More tribunals and admission appeals putting pressure on existing provision</li> <li>• Quality of education is impacted, particularly for those with Special Education Needs / Education Health &amp; Care</li> <li>• Potential family breakdowns as a result of insufficient school places for our most vulnerable children and young people</li> </ul>
Government Welfare Legislation – Impact on Service delivery	<ul style="list-style-type: none"> <li>• Increased pressure on council resources for housing and support</li> <li>• Increased demand for temporary accommodation for vulnerable household and refugees</li> <li>• Increased rent arrears in all housing sectors leading to more homelessness approaches</li> </ul>
Government Welfare Legislation – Impact on Income Collection	<ul style="list-style-type: none"> <li>• Increase demand for services</li> <li>• Increase in bad debts</li> <li>• Failure to meet statutory duty</li> </ul>
Preventable Incident to the Wellbeing of a Child or Adult	<ul style="list-style-type: none"> <li>• Reputational damage and loss of public confidence</li> <li>• Disruption of an event – investigation, legal action, staff recruitment and retention, compensation</li> <li>• Potential loss of service / government commissioners</li> </ul>
Capacity - Workforce Planning	<ul style="list-style-type: none"> <li>• Inability to deliver RBG objectives and compromised service.</li> <li>• Reduced oversight leading to potential increase in staffing costs to the Council</li> <li>• Staff morale negatively impacted</li> <li>• Increase Employee Relations activity and high levels of sickness absence</li> </ul>
Health & Safety. Compliance and Wellbeing Procedures	<ul style="list-style-type: none"> <li>• Breach of Statutory Duty</li> <li>• Compensation Claims</li> </ul>



Loss of life and limb through lack of residential building safety	<ul style="list-style-type: none"><li>• Lack of effective maintenance / compliance regime</li><li>• Residents at risk of injury</li><li>• Resources to raise conditions of properties</li></ul>
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Subject to Audit

## Structure of the Statement of Accounts

The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which in turn is underpinned by International Financial Reporting Standards.

*The Main Financial Statements are:*

**Movement in Reserves Statement** - The net of the authority's short/long term assets and liabilities is represented by its reserves – this is also known as its net worth. Reserves are usable or unusable and this note shows how the main usable plus total unusable reserves have changed.

**Comprehensive Income and Expenditure Statement** - This is the income and expenditure for the authority on a financial accounting basis i.e. it reflects the cost to the authority of running services, but does not reflect the cash position.

**Balance Sheet** - a snapshot of the Council's assets, liabilities, cash balances and reserves at the year-end date.

**Cash Flow Statement** - This takes the surplus or deficit from the income and expenditure statement and reconciles it to the actual movement in cash on the balance sheet.

*Additional Statements / Other Notes are:*

**Expenditure and Funding Analysis** – shows how funding available to the Council has been used in providing services in comparison with those resources used by Authorities in accordance with Generally Accepted Accounting Practices.

**Collection Fund Statement** - this contains statements that reflect the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government, of council tax and non-domestic rates.

**Housing Revenue Account** - this shows the economic cost in the year of the landlord responsibility for social housing provision in accordance with accounting standards, rather than the amount to be funded from rents and government grants.

**Pension Fund Account** - the Royal Borough of Greenwich Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by the Royal Borough of Greenwich.

**Accounting Policies** - the main underlying accounting policies underpinning the financial statements.

**Annual Governance Statement** - this sets out a framework in relation to risk management and internal control, along with efficiency and effectiveness.

# Statement of Responsibilities

## The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Section 151 Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

## Approval of Accounts

I certify that the Statement of Accounts was approved by Council at its meeting on xx xxxxx xxxx.

**Cllr Jit Ranabhat**  
**Mayor of the Royal Borough of Greenwich**

**Dated:** xx xxxxxx xxxx

## The Section 151 Officer's Responsibilities

The Section 151 Officer 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 this Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code.

The Section 151 Officer has also:

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

## **Certification of the Section 151 Officer**

I hereby certify that the Statement of Accounts on pages 21-166 give a true and fair view of the financial position of the Authority at the reporting date and of its expenditure and income for the year ended 31<sup>st</sup> March 2024.

**Damon Cook CPFA**  
**CFO - Section 151 Officer**

**Dated** xx xxxxxx xxxx

# Independent Auditor's Report to the Members of Royal Borough of Greenwich

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Subject to Audit

## Comprehensive Income and Expenditure Statement

Comprehensive Income and Expenditure Statement						
2022/23			2023/24			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
68,494	(9,108)	59,386	Communities & Environment	57,804	(10,386)	47,418
171,851	(134,638)	37,212	Finance & Legal Services	172,837	(139,601)	33,236
43,261	(23,934)	19,327	Housing & Safer Communities	53,800	(26,932)	26,868
120,636	(124,676)	(4,040)	Housing Revenue Account	218,650	(135,895)	82,755
171,305	(98,120)	73,184	Health & Adult's Services	189,584	(102,639)	86,945
45,019	(42,556)	2,463	Regeneration, Enterprise & Skills	49,347	(40,892)	8,455
23,315	(15,450)	7,866	Transportation & Parking	23,727	(16,527)	7,200
394,578	(278,466)	116,112	Children's Services	414,278	(299,406)	114,871
<b>1,038,459</b>	<b>(726,949)</b>	<b>311,510</b>	<b>Net Cost of Services</b>	<b>1,180,027</b>	<b>(772,278)</b>	<b>407,748</b>
16,219	(4,050)	12,169	Other Operating Expenditure (Note 3)	1,610	(15,071)	(13,460)
29,335	(4,237)	25,098	Financing and Investment Income and Expenditure (Note 4)	70,424	(5,362)	65,062
0	(330,651)	(330,651)	Taxation and Non-Specific Grant Income (Note 5)	0	(360,983)	(360,983)
<b>45,554</b>	<b>(338,938)</b>	<b>(293,384)</b>	<b>Other Income and Expenditure</b>	<b>72,034</b>	<b>(381,416)</b>	<b>(309,381)</b>
<b>1,084,013</b>	<b>(1,065,887)</b>	<b>18,126</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>1,252,061</b>	<b>(1,153,694)</b>	<b>98,367</b>
		(74,430)	(Surplus) or deficit on revaluation of property, plant & equipment assets (Note 8)			44,628
		(582,695)	Re-measurement of the net defined benefit liability / (asset) (Note 19)			(105,873)
		(657,125)	<b>Other Comprehensive Income and Expenditure</b>			(61,245)
		<b>(638,999)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>37,122</b>

## Movement in Reserves Statement

Movement in Reserves Statement 2023/24	Revenue Reserves			Capital Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserves	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	
	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Balance at 31 March 2023 carried forward</b>	<b>(228,165)</b>	<b>(15,462)</b>	<b>(75,423)</b>	<b>(6,748)</b>	<b>(84,546)</b>	<b>(410,344)</b>	<b>(2,177,443)</b>	<b>(2,587,788)</b>	
<b>Movement in Reserves During 2023/24</b>									
Total Comprehensive Income and Expenditure	49,555	48,812	0	0	0	98,367	(61,245)	37,123	
Adj between accounting basis & funding basis under regs (Note 6)	(34,845)	(43,187)	33,464	6,748	9,249	(28,572)	28,572	0	
<b>(Increase) / Decrease in 2023/24</b>	<b>14,710</b>	<b>5,625</b>	<b>33,464</b>	<b>6,748</b>	<b>9,249</b>	<b>69,795</b>	<b>(32,673)</b>	<b>37,123</b>	
<b>Balance at 31 March 2024 carried forward</b>	<b>(213,456)</b>	<b>(9,837)</b>	<b>(41,959)</b>	<b>0</b>	<b>(75,297)</b>	<b>(340,548)</b>	<b>(2,210,116)</b>	<b>(2,550,664)</b>	
<b>General Fund balance comprises:</b>									
Amounts Earmarked (Note 7)	(194,560)								
Amounts Uncommitted	(18,896)								
<b>Total General Fund Balance at 31 March 2024</b>	<b>(213,456)</b>								

Movement in Reserves Statement 2022/23	Revenue Reserves			Capital Reserves			Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserves	Capital Grants Unapplied				
	£000	£000	£000	£000	£000				
<b>Balance at 31 March 2022 carried forward</b>	<b>(237,549)</b>	<b>(16,670)</b>	<b>(94,684)</b>	<b>(6,748)</b>	<b>(62,685)</b>	<b>(418,336)</b>	<b>(1,530,452)</b>	<b>(1,948,788)</b>	
<b>Movement in Reserves During 2022/23</b>									
Total Comprehensive Income and Expenditure	12,507	5,619	0	0	0	18,126	(657,125)	(638,999)	
Adj between accounting basis & funding basis under regs (Note 6)	(3,122)	(4,412)	19,261	0	(21,862)	(10,134)	10,134	0	
<b>(Increase) / Decrease in 2022/23</b>	<b>9,386</b>	<b>1,207</b>	<b>19,261</b>	<b>0</b>	<b>(21,862)</b>	<b>7,992</b>	<b>(646,991)</b>	<b>(638,999)</b>	
<b>Balance at 31 March 2023 carried forward</b>	<b>(228,165)</b>	<b>(15,462)</b>	<b>(75,423)</b>	<b>(6,748)</b>	<b>(84,546)</b>	<b>(410,344)</b>	<b>(2,177,443)</b>	<b>(2,587,788)</b>	
<b>General Fund balance comprises:</b>									
Amounts Earmarked (Note 7)	(209,270)								
Amounts Uncommitted	(18,896)								
<b>Total General Fund Balance at 31 March 2023</b>	<b>(228,165)</b>								

## Balance Sheet

31 March 2023 £000	Balance Sheet	Notes	31 March 2024 £000
3,152,669	Property, Plant & Equipment	9	3,184,386
770	Heritage Assets		770
4,810	Investment Properties	10	4,166
35,838	Long Term Investments	16	40,019
10,409	Long Term Debtors	16	3,831
<b>3,204,496</b>	<b>Long Term Assets</b>		<b>3,233,172</b>
115,974	Short Term Investments	16	431
3,127	Assets Held for Sale	12	25,989
858	Inventories		1,391
93,498	Short Term Debtors	20	83,151
32,298	Cash and Cash Equivalents	Cashflow	11,631
<b>245,755</b>	<b>Current Assets</b>		<b>122,591</b>
(720)	Cash and Cash Equivalents	Cashflow	(788)
(10,619)	Short Term Borrowing	16	(23,873)
(258)	Short Term Deferred Income	14	(234)
(128,069)	Short Term Creditors	22	(133,008)
(8,182)	Receipts in Advance	5	(6,331)
<b>(147,848)</b>	<b>Current Liabilities</b>		<b>(164,234)</b>
(162,848)	Pension Liability	19	(55,217)
(7,907)	Provisions	23	(12,421)
(412,946)	Long Term Borrowing	16	(443,338)
(1,864)	Long Term Deferred Income	14	(1,629)
(129,051)	Other Long-Term Liabilities	14/16	(128,260)
<b>(714,616)</b>	<b>Long Term Liabilities</b>		<b>(640,865)</b>
<b>2,587,787</b>	<b>Net Assets</b>		<b>2,550,665</b>
(410,344)	Usable Reserves	MIRS	(340,548)
(2,177,443)	Unusable Reserves	8	(2,210,116)
<b>(2,587,787)</b>	<b>Total Reserves</b>		<b>(2,550,665)</b>



## Cash Flow Statement

2022/23 £000	Cash Flow Statement	2023/24 £000
(18,126)	Net surplus or (deficit) on the provision of services	(98,367)
97,261	Adj to net surplus or deficit on the provision of services for non cash movements (Cash Flow Note 1)	235,131
(111,343)	Adj for items incl in net surplus / deficit on the provision of services that are investing and financing activities (Cash Flow Note 1)	(83,934)
(32,209)	Net cash flows from Operating Activities	52,830
(8,884)	Investing Activities (Cash Flow Note 2)	(91,888)
23,197	Financing Activities (Cash Flow Note 3)	18,323
(17,895)	Net increase or (decrease) in cash and cash equivalents	(20,736)
49,474	Cash and cash equivalents at the beginning of the reporting period	31,578
<b>31,578</b>	<b>Cash and cash equivalents at the end of the reporting period (Cash Flow Note 5)</b>	<b>10,843</b>

### Cash Flow Note 1 - Operating Activities

The cash flows for operating activities include the following items:

(3,234)	Interest received	(6,397)
(26,934)	Interest paid	(26,469)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

54,004	Depreciation	52,642
42,447	Impairment and downward valuations	102,088
(27,959)	Increase / (decrease) in creditors	17,144
(11,396)	(Increase) / decrease in debtors	17,083
181	(Increase) / decrease in inventories	(532)
(21,833)	Increase / (decrease) in receipts in advance	(1,851)
16,192	Movement in pension liability	(1,758)
(4,881)	Increase / (decrease) in provisions	4,514
50,507	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	45,802
<b>97,261</b>		<b>235,131</b>

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financial activities:

(55,541)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,763)
(55,802)	Capital Grants credited to surplus or deficit on the provision of services	(78,171)
<u>(111,343)</u>		<b>(83,934)</b>

### Cash Flow Note 2 - Investing Activities

(164,160)	Purchase of property, plant and equipment, investment property and intangible assets	(287,027)
55,541	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,763
45,482	Purchase/Proceeds from short-term and long-term investments	110,329
54,252	Capital Grant receipts	79,047
<u>(8,884)</u>	<b>Net cash flows from investing activities</b>	<b>(91,888)</b>

### Cash Flow Note 3 - Financing Activities

0	Cash receipts of short- and long-term borrowing	67,000
(4,132)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(4,411)
(1,990)	Repayments of short-term and long-term borrowing	(23,518)
29,320	Collection Fund adjustments	(20,748)
<u>23,197</u>	<b>Net cash flows from financing activities</b>	<b>18,323</b>

## Cash Flow Note 4 - Reconciliation of Liabilities Arising from Financing Activities

	2023/24 1 April £000	Financing Cash flows	Other non-cash changes	2023/24 31 March £000
Long-term borrowings	412,946	51,000	(20,608)	443,338
Short-term borrowings	10,619	(7,518)	20,772	23,873
Lease liabilities	1,665	(2)	0	1,663
On balance sheet PFI liabilities	86,613	(4,409)	0	82,204
<b>Total liabilities from financing activities</b>	<b>511,844</b>	<b>39,071</b>	<b>164</b>	<b>551,077</b>

	2022/23 1 April £000	Financing Cash flows	Other non-cash changes	2022/23 31 March £000
Long-term borrowings	420,464	0	(7,518)	412,946
Short-term borrowings	5,091	(1,990)	7,519	10,619
Lease liabilities	1,667	(2)	0	1,665
On balance sheet PFI liabilities	90,746	(4,133)	0	86,613
<b>Total liabilities from financing activities</b>	<b>517,968</b>	<b>(6,125)</b>	<b>1</b>	<b>511,844</b>

## Cash Flow Note 5 - Cash and Cash Equivalents

32,298	Cash and bank balances	11,631
(720)	Bank overdraft	(788)
<b>31,578</b>	<b>Total cash and cash equivalents</b>	<b>10,843</b>

## Notes to the Accounts

### Note I - Expenditure and Funding Analysis

2022/23			Expenditure and Funding Analysis	2023/24		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments Between the Funding and Accounting Basis	Net Expenditure in CIES		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments Between the Funding and Accounting Basis	Net Expenditure in CIES
£000	£000	£000		£000	£000	£000
55,447	3,939	59,386	Communities & Environment	58,667	(11,249)	47,418
17,936	19,277	37,212	Finance & Legal Services	13,465	19,772	33,237
19,005	321	19,327	Housing & Safer Communities	28,485	(1,617)	26,868
(12,523)	8,483	(4,040)	Housing Revenue Account	(7,106)	89,861	82,755
73,885	(701)	73,184	Health & Adult Services	87,628	(683)	86,945
(8,360)	10,823	2,463	Regeneration, Enterprise and Skills	402	8,053	8,455
8,291	(425)	7,866	Transportation & Parking	7,819	(619)	7,200
91,561	24,551	116,112	Children's Services	106,070	8,801	114,871
<b>245,242</b>	<b>66,268</b>	<b>311,510</b>	<b>Net Cost of Services</b>	<b>295,429</b>	<b>112,319</b>	<b>407,749</b>
1,571	10,598	12,169	Other Operating Expenditure (Note 3)	1,610	(15,070)	(13,460)
22,698	2,400	25,098	Financing and Investment Income and Expenditure (Note 4)	21,271	43,791	65,062
(258,918)	(71,732)	(330,651)	Taxation and Non-Specific Grant Income (Note 5)	(297,976)	(63,007)	(360,983)
<b>(234,649)</b>	<b>(58,734)</b>	<b>(293,384)</b>	<b>Other Income and Expenditure</b>	<b>(275,095)</b>	<b>(34,286)</b>	<b>(309,381)</b>
<b>10,593</b>	<b>7,534</b>	<b>18,126</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>20,334</b>	<b>78,033</b>	<b>98,366</b>
(254,220)			Opening General Fund Balance & Housing Revenue Account Balance	(243,627)		
10,593			(Surplus) or Deficit on General Fund & Housing Revenue Account Balance in Year	20,334		
<b>(243,627)</b>			<b>Closing General Fund Balance &amp; Housing Revenue Account Balance</b>	<b>(223,293)</b>		

**Adjustments from General Fund to arrive at Comprehensive Income & Expenditure Statement amounts  
2023/24**

	Adjustments for Capital Purposes £000	Net Change in Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Communities & Environment	(10,300)	(848)	(100)	(11,249)
Finance & Legal Services	20,424	(949)	297	19,772
Housing & Safer Communities	(1,456)	(200)	39	(1,616)
Housing Revenue Account	90,914	(1,191)	138	89,861
Health & Adult's Services	(106)	(585)	8	(683)
Regeneration, Enterprise and Skills	8,729	(224)	(453)	8,053
Transportation & Parking	(608)	0	(10)	(618)
Children's Services	10,829	(2,142)	114	8,801
<b>Net Cost of Services</b>	<b>118,426</b>	<b>(6,142)</b>	<b>35</b>	<b>112,320</b>
Other Operating Expenditure	(15,070)	0	0	(15,071)
Financing and Investment Income and Expenditure	39,408	4,383	0	43,791
Taxation and Non-Specific Grant Income	(78,170)	0	15,163*	(63,007)
<b>Other Income and Expenditure</b>	<b>(53,833)</b>	<b>4,383</b>	<b>15,163</b>	<b>(34,286)</b>
<b>Difference Between General Fund (Surplus)/Deficit and Comprehensive Income and Expenditure Statement (Surplus)/Deficit on Provision of Services</b>	<b>64,593</b>	<b>(1,758)</b>	<b>15,197</b>	<b>78,033</b>

\*Change in the Council Tax and Business Rates Adjustment Account

**Adjustments from General Fund to arrive at Comprehensive Income & Expenditure Statement amounts  
2022/23**

	Adjustments for Capital Purposes £000	Net Change in Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Communities & Environment	1,595	2,312	32	3,939
Finance & Legal Services	17,958	1,916	(597)	19,277
Housing & Safer Communities	(12)	355	(22)	321
Housing Revenue Account	5,540	3,103	(159)	8,484
Health & Adult Services	(1,745)	1,207	(163)	(701)
Regeneration, Enterprise & Skills	10,287	452	84	10,823
Children's Services	(608)	96	88	(425)
<b>Net Cost of Services</b>	<b>22,502</b>	<b>4,351</b>	<b>(2,302)</b>	<b>24,551</b>
	<b>55,517</b>	<b>13,792</b>	<b>(3,040)</b>	<b>66,270</b>
Other Operating Expenditure				
Financing and Investment Income and Expenditure	10,598	0	0	10,598
Taxation and Non-Specific Grant Income	0	2,400	0	2,400
<b>Other Income and Expenditure</b>	<b>(55,802)</b>	<b>0</b>	<b>(15,930)*</b>	<b>(71,732)</b>
<b>Difference Between General Fund (Surplus)/Deficit and Comprehensive Income and Expenditure Statement (Surplus)/Deficit on Provision of Services</b>	<b>(45,204)</b>	<b>2,400</b>	<b>(15,930)</b>	<b>(58,734)</b>

\*Change in the Council Tax and Business Rates Adjustment Account

## Note 2 – Expenditure and Income Analysed by Nature

2022/23 £000	Expenditure and Income Analysed by Nature	2023/24 £000
	<b>Expenditure</b>	
295,143	Employee Expenses	297,766
691,125	Other Service Expenditure	768,218
54,591	Depreciation, Amortisation, Impairment & Reversal of Impairment	118,426
26,935	Interest Payments	26,633
1,571	Precepts & Levies	1,610
2,320	Payments to Housing Capital Receipts Pool	0
12,328	(Gains)/Loss on the disposal of non-current assets	39,408
<b>1,084,013</b>	<b>Total Expenditure</b>	<b>1,252,062</b>
	<b>Income</b>	
(258,073)	Fees, Charges and Other Service Income	(278,636)
(4,237)	Interest and Investment Income	(5,362)
(330,651)	Taxation and Non-Specific Grant Income	(360,983)
(468,875)	Government Grants & Contributions	(493,642)
(4,050)	(Gains)/losses on the disposal of non-current assets	(15,071)
<b>(1,065,887)</b>	<b>Total Income</b>	<b>(1,153,694)</b>
<b>18,127</b>	<b>Surplus or Deficit on the Provision of Services</b>	<b>98,367</b>

## Note 3 - Other Operating Expenditure

2022/23 £000	Other Operating Expenditure	2023/24 £000
1,571	Levies	1,610
2,320	Payments to the Government Housing Capital Receipts Pool	0
8,278	(Gains) / losses on the disposal of non-current assets	(15,071)
<b>12,169</b>	<b>Total</b>	<b>(13,460)</b>

## Note 4 - Financing and Investment Income and Expenditure

2022/23 £000	Financing and Investment Income and Expenditure	2023/24 £000
26,935	Interest payable and similar charges	26,633
2,400	Pensions interest cost and expected return on pensions assets	4,383
0	(Gain)/Loss on Disposal of Academies	39,408
(4,237)	Interest receivable and similar income	(5,362)
<b>25,098</b>	<b>Total</b>	<b>65,062</b>

## Note 5 – Taxation and Grant Income

### Taxation and non-specific grant income

The Authority credited the following Grants, Contributions and Donations to the Comprehensive Income and Expenditure Statement in 2023/24.

2022/23 £000	Taxation and Non-Specific Grant Income	2023/24 £000
(114,973)	Council Tax Income	(119,156)
(105,517)	Business Rates	(105,500)
(26,491)	Revenue Support Grant	(29,604)
(14,955)	Social Care Grant	(24,236)
(12,912)	Other Government Grant	(4,316)
(55,802)	Capital Grants and Contributions	(78,170)
<b>(330,651)</b>	<b>Total</b>	<b>(360,983)</b>

### Specific Grant Income

Grant Income	2022/23 £000	2023/24 £000
Dedicated Schools Grant	(226,760)	(236,507)
Rent Allowance Subsidy	(63,233)	(62,201)
Rent Rebate Subsidy	(49,918)	(51,084)
Public Health Grant	(25,350)	(25,493)



Improved Better Care Fund	(15,434)	(15,434)
Private Finance Initiative – Building Schools for the Future	(12,291)	(12,291)
Pupil Premium	(10,264)	(10,775)
Post 16 Grant	(8,105)	(9,152)
Market Sustainability & Improvement Fund	0	(5,138)
School Supplementary Grant	(3,990)	(4,766)
Household Support Fund	(5,740)	(4,639)
Ukrainian Resettlement Group	(6,313)	(3,591)
Flexible Homelessness Support Grant	(2,642)	(3,640)
Universal Free School Meals	0	(3,385)
Infants Free School Meal Grant	(2,158)	(2,391)
Adult Social Care Discharge Fund	(1,109)	(2,164)
Private Finance Initiative – Neighbouring Resource Centres	(2,091)	(2,091)
Rough Sleeping Initiative	(1,777)	(2,014)
School Grant	(2,702)	(1,757)
Skills Funding Agency	(1,766)	(1,752)
Family Hub	(995)	(1,687)
Benefit Administration Grant	(2,096)	(1,654)
Teachers Pay Grant	(166)	(1,653)
Unaccompanied Asylum Seeking Children Grant	(1,695)	(1,600)
Traffic Management Group	0	(1,507)
Contain Outbreak Management Fund	(1,392)	(1,486)
Troubled Families Grant	(1,331)	(1,259)
Holiday Activities Grant	(1,263)	(1,234)
Other Miscellaneous Grants	(18,293)	(21,296)
<b>Total</b>	<b>(468,875)</b>	<b>(493,642)</b>

The Authority has received a number of Grants and Contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned if not spent. The balances at the year-end are as follows:

<b>Revenue Grant Receipts in Advance</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Contain Outbreak Management Fund	(4,553)	(3,067)
Skills Funding Agency	(678)	(869)
Energy Bills Support Scheme	(874)	(832)
Devolved Formula Grant	(1,027)	(679)
LA Practical Support Fund	(613)	(613)
Holiday Activities and Food Grant	(164)	(145)
SSMTR Grant	(140)	(125)
Other(Under £100k each)	(132)	0
<b>Total</b>	<b>(8,182)</b>	<b>(6,331)</b>

## Note 6 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

### Adjustments between Accounting Basis and Funding Basis under Regulations 2023/24

	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied
	£000	£000	£000	£000	£000
<b>Adjustments to the Revenue Resources</b>					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pensions costs (transferred to (or from) the Pensions Reserve)	1,794	(36)	0	0	0
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	235	0	0	0	0
Council Tax and Business Rates (transfers to or from Collection Fund Adjustment Account)	(15,163)	0	0	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	(132)	(138)	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(42,197)	(99,226)	0	0	(78,170)
<b>Total Adjustments to Revenue Resources</b>	<b>(55,463)</b>	<b>(99,400)</b>	<b>0</b>	<b>0</b>	<b>(78,170)</b>

### Adjustments between Revenue and Capital Resources

Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	4,509	17,177	(21,686)	0	0
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**Adjustments between Accounting Basis and Funding Basis under Regulations  
2023/24**

	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied
	£000	£000	£000	£000	£000
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	(222)	222	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	0	0	0	0	0
Posting of Housing Revenue Account resources from revenue to the Major Repairs Reserve	0	26,704	0	(26,704)	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	12,601	0	0	0	0
Capital expenditure financed from the revenue balances (transfer to the Capital Adjustment Account)	3,507	12,554	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>20,617</b>	<b>56,212</b>	<b>(21,464)</b>	<b>(26,704)</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>					
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	54,928	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	33,452	0
Application of capital grants to finance capital expenditure	0	0	0	0	87,419
Cash payments in relation to deferred capital receipts	0	0	0	0	0
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>54,928</b>	<b>33,452</b>	<b>87,419</b>
<b>Total Adjustments</b>	<b>(34,846)</b>	<b>(43,187)</b>	<b>33,464</b>	<b>6,748</b>	<b>9,249</b>

**Adjustments between Accounting Basis and Funding Basis under Regulations  
2022/23**

	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied
	£000	£000	£000	£000	£000
<b>Adjustments to the Revenue Resources</b>					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pensions costs (transferred to (or from) the Pensions Reserve)	(12,174)	(4,018)	0	0	0
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	235	0	0	0	0
Council Tax and Business Rates (transfers to or from Collection Fund Adjustment Account)	15,930	0	0	0	0

**Adjustments between Accounting Basis and Funding Basis under Regulations**

2022/23

	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied
	£000	£000	£000	£000	£000
Holiday pay (transferred to the Accumulated Absences Reserve)	2,646	159	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(38,979)	(65,061)	0	0	(55,802)
<b>Total Adjustments to Revenue Resources</b>	<b>(32,342)</b>	<b>(68,920)</b>	<b>0</b>	<b>0</b>	<b>(55,802)</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	7,757	34,931	(42,688)	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	(459)	459	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(2,320)	0	2,320	0	0
Posting of Housing Revenue Account resources from revenue to the Major Repairs Reserve	0	26,525	0	(26,525)	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	11,891	0	0	0	0
Capital expenditure financed from the revenue balances (transfer to the Capital Adjustment Account)	11,893	3,512	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>29,220</b>	<b>64,508</b>	<b>(39,909)</b>	<b>(26,525)</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>					
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	59,170	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	26,524	0
Application of capital grants to finance capital expenditure	0	0	0	0	33,940
Cash payments in relation to deferred capital receipts			0		
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>59,170</b>	<b>26,524</b>	<b>33,940</b>
<b>Total Adjustments</b>	<b>(3,121)</b>	<b>(4,411)</b>	<b>19,261</b>	<b>0</b>	<b>(21,862)</b>

## Note 7a – Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2023/24.

<b>Earmarked Reserves</b>	<b>31/03/22</b>	<b>Transfers Out</b>	<b>Transfers In</b>	<b>31/03/23</b>	<b>Transfers Out</b>	<b>Transfers In</b>	<b>31/03/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Other Earmarked Reserves	(38,144)	7,798	(14,491)	(44,837)	13,947	(10,643)	(41,534)
Schools	(19,160)	6,612	(4,513)	(17,061)	6,638	(1,659)	(12,081)
Education and Social Care	(28,430)	5,480	(8,437)	(31,387)	5,815	(5,081)	(30,654)
Risk	(53,093)	4,403	(720)	(49,408)	8,842	(4,281)	(44,849)
Coronavirus Emergency Funding	(15,733)	15,733	0	0	0	0	0
Collection Fund (timing difference)	(6,868)	6,868	0	0	0	0	0
<b>Total</b> (excluding revenue reserves held specifically for capital purpose)	<b>(161,428)</b>	<b>46,895</b>	<b>(28,160)</b>	<b>(142,693)</b>	<b>35,241</b>	<b>(21,665)</b>	<b>(129,118)</b>
<b>Reserves held specifically for Capital purposes</b>							
Priority Investment Programme	(675)	904	(1,646)	(1,417)	543	(372)	(1,246)
Schools Capital	(4,668)	0	0	(4,668)	0	0	(4,668)
Section 106 Contributions	(5,194)	928	(5,016)	(9,283)	3,112	(873)	(7,044)
Vehicles and Other Capital Reserves	(23,183)	11,933	(13,505)	(24,755)	7,078	(8,384)	(26,061)
Minimum Revenue Provision Capacity	(23,013)	30	(3,470)	(26,453)	30	0	(26,422)
<b>Total Reserves held specifically for Capital purposes</b>	<b>(56,732)</b>	<b>13,794</b>	<b>(23,638)</b>	<b>(66,576)</b>	<b>10,763</b>	<b>(9,629)</b>	<b>(65,442)</b>
<b>Total Earmarked Reserves</b>	<b>(218,161)</b>	<b>60,689</b>	<b>(51,798)</b>	<b>(209,270)</b>	<b>46,004</b>	<b>(31,294)</b>	<b>(194,560)</b>

## Note 7b – Capital Receipts Reserve

<b>2022/23</b>	<b>2022/23</b>		<b>2023/24</b>	<b>2023/24</b>
<b>Reserved</b>	<b>Usable</b>	<b>General Fund</b>	<b>Reserved</b>	<b>Usable</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
0	(11,383)	Balance at 1st April	0	(11,055)
0	(7,757)	Cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure statement	0	(4,509)
0	0	Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	0
0	0	Transfer of receipts from Housing	0	0
0	(258)	Transfer from Deferred Capital Receipts Reserve Reserve upon receipt of cash	0	(10)

0	8,344	Use of Capital Receipts Reserve to finance new capital expenditure	0	3,099
0	(11,055)	<b>Balance at 31st March</b>	0	<b>(12,474)</b>
<b>Housing Revenue Account</b>				
0	(83,301)	Balance at 1st April	0	(64,368)
(2,320)	(34,931)	Cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure statement	(2,320)	(17,178)
0	0	Transfer of receipts to General Fund	0	0
0	459	Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	222
0	66,717	Use of Capital Receipts Reserve to finance new capital expenditure	0	58,537
0	0	Prior year adjustment	0	0
2,320	0	Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0	0
0	(13,312)	Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	(6,697)
0	0	Reserved receipts available to repay debt (c/f)	2,320	0
(0)	(64,368)	<b>Balance at 31st March</b>	(0)	<b>(29,484)</b>
(0)	(75,423)	<b>Total</b>	(0)	<b>(41,958)</b>

## Note 7c - Capital Grants Unapplied Reserve

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.

	2022/23	2023/24
	£000	£000
Gov – Schools & Education	45,562	46,867
Gov – Disabled Facility Grant	6,359	7,056
Gov – Sustainable Warmth	2,861	2
Gov – Community Capacity Social Care	2,505	2,505
Gov – Future High Streets	1,408	6,115
GLA – Housing Grants	13,015	1,135
Community Infrastructure Levy	9,761	4,986
Other	3,075	6,631
<b>Balance at end of the year</b>	<b>84,546</b>	<b>75,297</b>

## Note 8 – Unusable Reserves

2022/23 £000	Unusable Reserves	2023/24 £000
(802,005)	Revaluation Reserve	(719,000)
(1,490,250)	Capital Adjustment Account	(1,516,330)
1,233	Financial Instruments Adjustment Account	998
162,848	Pensions Reserve	55,217
(10,171)	Council Taxpayers Adjustment Account	(5,793)
(40,767)	Deferred Capital Receipts Reserve	(37,932)
(7,714)	Business Ratepayers Adjustment Account	3,071
9,383	Accumulated Absences Account	9,654
<b>(2,177,443)</b>	<b>Total Unusable Reserves</b>	<b>(2,210,115)</b>

### Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

2022/23 £000	Revaluation Reserve	2023/24 £000
<b>(750,559)</b>	<b>Balance at 1 April</b>	<b>(802,005)</b>
(187,730)	Upward revaluation of assets	(127,069)
113,299	Downward revaluation of assets & impairment losses not charged to the Surplus or Deficit on the Provision of	171,698
(74,431)	Surplus / deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of	<b>44,629</b>
22,377	Difference between fair value depreciation and historical cost depreciation	21,674
608	Accumulated gains on assets sold or scrapped	16,702
22,985	Amount written off to the Capital Adjustment Account	<b>38,376</b>
<b>(802,005)</b>	<b>Balance at 31 March</b>	<b>(719,000)</b>

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current

assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account:

- is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).
- is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement
- contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Authority
- contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 1 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2022/23 £000	Capital Adjustment Account	2023/24 £000	£000
(1,500,491)	<b>Balance b/f</b>		(1,490,250)
29,111	Adjustment to balance b/f		0
(1,471,380)	<b>Balance at 1 April</b>		(1,490,250)
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive I&amp;E Statement</u>		
54,004	Charges for depreciation and impairment of non current assets	52,642	
42,447	Revaluation losses on property, plant and equipment	102,088	
17,657	Revenue expenditure funded from capital under statute	23,243	
50,507	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive I&E Statement	45,802	
164,615		223,774	
(608)	Adjusting amounts written out of the Revaluation Reserve	(16,702)	
(22,377)	Adjusting amounts written out of the Revaluation Reserve for the difference between fair value depreciation and historical cost depreciation	(21,674)	
141,630	<b>Net written out amount of the cost of non current assets consumed in the year</b>		185,398
	<u>Capital financing applied in the year</u>		
(75,061)	Use of the Capital Receipts Reserve to finance new capital expenditure	(61,945)	
(26,524)	Use of the Major Repairs Reserve to finance new capital expenditure	(33,452)	
(30,580)	Capital grants and contributions credited to the Comprehensive I&E Statement that have been applied to capital financing	(55,003)	
(3,360)	Application of grants to capital financing from the Capital Grants Unapplied Account	(32,416)	
(11,890)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(12,601)	
(15,405)	Capital expenditure charged against the General Fund and HRA balances	(16,061)	
2,320	Reserved capital receipts	0	
(160,500)			(211,478)
(1,490,250)	<b>Balance at 31 March</b>		(1,516,330)



### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2024 will be charged to the General Fund until extinguished in 2031/32.

2022/23 £000	Financial Instruments Adjustment Account	2023/24	
		£000	£000
<b>1,468</b>	<b>Balance at 1 April</b>		<b>1,233</b>
(235)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(235)	
(235)	Amount by which finance costs charged to the Comprehensive I&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements		(235)
<b>1,233</b>	<b>Balance at 31 March</b>		<b>998</b>

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employers' 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 shortfall in the benefits earned by past and current employees and account for the resources that the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2022/23 £000	Pensions Reserve	2023/24	
		£000	£000
<b>729,351</b>	<b>Balance at 1 April</b>		<b>162,848</b>
(582,695)	Actuarial gains or losses on pensions assets and liabilities		(105,873)
53,820	Reversal of retirement benefit items debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive I&E Statement		38,674
(37,628)	Employer's pensions contributions and direct payments to pensioners payable in the year		(40,432)
<b>162,848</b>	<b>Balance at 31 March</b>		<b>55,217</b>

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority 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, amounts are transferred to the Capital Receipts Reserve.

2022/23 £000	Deferred Capital Receipts Reserve	2023/24 £000
<b>(20,453)</b>	<b>Balance b/f</b>	<b>(40,767)</b>
(29,111)	Adjustment to balance b/f	0
<b>(49,564)</b>	<b>Balance at 1 April</b>	<b>(40,767)</b>
(4,773)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,181)
13,570	Transfer to the capital receipts reserve upon receipt of cash	7,016
<b>(40,767)</b>	<b>Balance at 31 March</b>	<b>(37,932)</b>

### Council Taxpayers Adjustment Account

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

2022/23 £000	Council Taxpayers Adjustment Account	2023/24 £000
<b>(5,229)</b>	<b>Balance at 1 April</b>	<b>(10,171)</b>
(4,942)	Amount by which council tax income credited to the Comprehensive I&E Statement is different from council tax income calculated for the year in accordance with statutory requirements	4,378
<b>(10,171)</b>	<b>Balance at 31 March</b>	<b>(5,793)</b>

### Business Ratepayers Adjustment Account

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

2022/23 £000	Business Ratepayers Adjustment Account	2023/24 £000
<b>3,274</b>	<b>Balance at 1 April</b>	<b>(7,714)</b>
(10,988)	Amount by which business rates income credited to the Comprehensive I&E Statement is different from business rates income calculated for the year in accordance with statutory requirements	10,785
<b>(7,714)</b>	<b>Balance at 31 March</b>	<b>3,071</b>

#### Accumulated Absences Account

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

2022/23 £000	Accumulated Absences Account	2023/24 £000    £000	
<b>12,188</b>	<b>Balance at 1 April</b>		<b>9,383</b>
(12,188)	Settlement or cancellation of accrual made at the end of the preceding year	(9,383)	
<b>9,383</b>	Amounts accrued at the end of the current year	<u>9,654</u>	
(2,805)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		271
<b>9,383</b>	<b>Balance at 31 March</b>		<b>9,654</b>

## Note 9 - Property, Plant and Equipment

Movements 2023/24	Council Dwellings	Other Land and Buildings	Vehicles Plant Furniture and Equipment	Community Assets	Surplus assets	Assets under Construction	Total Property Plant and Equipment	PFI assets within PPE
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>								
At 1 April 2023	1,653,766	1,312,570	36,790	11,854	23,814	66,823	3,105,617	161,499
Adjustment to Balance b/fwd	0	0	(4,337)	0	0	0	(4,337)	0
Additions	124,838	38,129	1,002	1,255	0	126,038	291,262	0
Revaluation increases / (decreases) recognised in Revaluation Reserve	(79,880)	(20,940)	0	0	(347)	0	(101,167)	7,450
Revaluation increases / (decreases) recognised in SoDoPS	(86,347)	(15,539)	0	0	(3,508)	0	(105,394)	0
Derecognise – Disposals	(5,715)	(39,986)	(750)	0	0	0	(46,451)	0
Derecognise – Other	0	0	0	0	0	0	0	0
Assets reclassified (to) / from Held for Sale	0	0	0	0	950	0	950	0
Other movements in cost or valuation	0	2,781	0	0	(480)	(2,301)	0	0
<b>At 31 March 2024</b>	<b>1,606,662</b>	<b>1,277,015</b>	<b>32,705</b>	<b>13,109</b>	<b>20,429</b>	<b>190,560</b>	<b>3,140,480</b>	<b>168,949</b>
<b>Accumulated depreciation and Impairment</b>								
At 1 April 2023	(53,869)	(18,718)	(19,577)	(0)	(383)	(0)	(92,548)	(0)
Adjustment to Balance b/fwd			4,337				4,337	
Depreciation charge	(25,999)	(19,112)	(2,544)	(0)	(28)	(0)	(47,683)	(1,693)
Depreciation written out to the Revaluation Reserve	25,959	22,860	0	0	28	0	48,847	1,188
Depreciation written out to the SoDoPS	(11,462)	(1,384)	0	0	0	0	(12,846)	0
Derecognise – Disposals	93	558	675	0	0	0	1,326	0
Other movements in depreciation and Impairment	0	0	0	0	0	0	0	0
<b>At 31 March 2024</b>	<b>(65,278)</b>	<b>(15,796)</b>	<b>(17,109)</b>	<b>(0)</b>	<b>(383)</b>	<b>0</b>	<b>(98,567)</b>	<b>(505)</b>
<b>Net Book Value At 31 March 2023</b>	<b>1,599,897</b>	<b>1,293,852</b>	<b>17,212</b>	<b>11,854</b>	<b>23,431</b>	<b>66,823</b>	<b>3,013,069</b>	<b>161,499</b>
<b>Net Book Value At 31 March 2024</b>	<b>1,541,384</b>	<b>1,261,219</b>	<b>15,596</b>	<b>13,109</b>	<b>20,046</b>	<b>190,560</b>	<b>3,041,914</b>	<b>168,444</b>
<b>Revaluations:</b>								
Historic Cost	0	0	15,596	13,109	0	190,560	219,265	0
At 31 March 2024	1,541,384	1,101,664	0	0	20,046	0	2,663,094	137,849
At 31 March 2023	0	98,476	0	0	0	0	98,476	30,595
At 31 March 2022	0	28,574	0	0	0	0	28,574	0
At 31 March 2021	0	29,540	0	0	0	0	29,540	0
At 31 March 2020	0	2,965	0	0	0	0	2,965	0

<b>Movements 2022/23</b>	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles Plant Furniture and Equipment</b>	<b>Community Assets</b>	<b>Surplus assets</b>	<b>Assets under Construction</b>	<b>Total Property Plant and Equipment</b>	<b>PFI assets within PPE</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or valuation</b>								
At 1 April 2022	1,639,177	1,294,403	31,124	9,584	27,619	12,302	3,014,209	119,967
Adjustment to Balance b/fwd	0	0	0	0	0	0	0	0
Additions	46,057	33,200	6,148	2,560	0	68,496	156,460	0
Revaluation increases / (decreases) recognised in Revaluation Reserve	29,626	15,597	0	(289)	(2,729)	(8,195)	40,124	41,532
Revaluation increases / (decreases) recognised in SoDoPS	(6,348)	(33,450)	0	0	0	(2,228)	(48,139)	0
Derecognise – Disposals	(47,572)	(93)	(482)	0	0	0	(48,147)	0
Derecognise – Other	0	0	0	0	0	0	0	0
Assets reclassified (to) / from Held for Sale	(7,939)	0	0	0	(950)	0	(8,889)	0
Other movements in cost or valuation	765	2,913	0	0	(125)	(3,552)	0	0
<b>At 31 March 2023</b>	<b>1,653,766</b>	<b>1,312,57</b>	<b>36,790</b>	<b>11,854</b>	<b>23,814</b>	<b>66,823</b>	<b>3,105,617</b>	<b>161,499</b>
<b>Accumulated depreciation and Impairment</b>								
At 1 April 2022	(51,726)	(22,768)	(17,044)	0	(525)	0	(92,063)	(2,066)
Depreciation charge	(25,679)	(20,757)	(2,538)	0	(88)	(36)	(49,099)	(2,066)
Depreciation written out to the Revaluation Reserve	24,879	28,320	0	0	179	72	53,450	4,132
Depreciation written out to the SoDoPS	(2,091)	(3,551)	0	0	0	0	(5,642)	0
Derecognise – Disposals	773	12	5	0	0	0	790	0
Other movements in depreciation and Impairment	(25)	26	0	0	50	(36)	15	0
<b>At 31 March 2023</b>	<b>(53,869)</b>	<b>(18,718)</b>	<b>(19,577)</b>	<b>0</b>	<b>(383)</b>	<b>(0)</b>	<b>(92,548)</b>	<b>(0)</b>
<b>Net Book Value:</b>								
At 31 March 2022	1,587,451	1,271,635	14,079	9,584	27,094	12,302	2,922,145	117,901
<b>At 31 March 2023</b>	<b>1,599,897</b>	<b>1,293,852</b>	<b>17,212</b>	<b>11,854</b>	<b>23,431</b>	<b>66,823</b>	<b>3,013,069</b>	<b>161,499</b>
<b>Revaluations:</b>								
Historic Cost	0	0	17,212	11,854	0	66,823	95,889	0
At 31 March 2023	1,597,496	1,057,334	0	0	23,431	0	2,678,261	166,438
At 31 March 2022	2,030	173,263	0	0	0	0	175,293	0
At 31 March 2021	371	58,295	0	0	0	0	58,666	0
At 31 March 2020	0	4,960	0	0	0	0	4,960	0

## Depreciation

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

- Council Dwellings: 40 years
- Other Buildings: 5 – 125 years
- Vehicles, Plant, Furniture and Equipment: 4 - 10 years
- Infrastructure: 25 – 100 years
- Surplus: 4 – 40 years
- Community Assets: The majority of these assets are not depreciated as they have an indeterminable life. Where a community asset is being used as an operational building, then it has been depreciated in line with the policy relating to that category of asset.

## Capital Commitments

As at 31 March 2024, the Authority had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years budgeted to cost £336.25m. Similar commitments at 31 March 2023 were £62.5m. The major commitments are:

- Housing Projects - £250.02m
- Transportation Capital Programme - £0.03m
- Schools Capital Programme - £5.7m
- Regeneration projects - £71.98m
- Other schemes - £3.45m

The Authority has also made available a £54.7m loan facility to Meridian Home Start Ltd for the delivery of affordable housing within the borough. As at 31 March 2024 £38.3m of this facility had been drawn down leaving up to £16.4m available for future years.

## Non Current Assets – Schools

There were 3 in year school academy conversion:

- Boxgrove Primary School
- Bannockburn Primary School
- Kidbrooke Park Primary School

This resulted in the sum of £39.4m being written out of the Royal Boroughs Balance Sheet.

### Revaluations

The Authority carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations were carried out internally and externally (Wilks Head and Eve and VoA). Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimations set out in the professional standards of the Royal Institution of Chartered Surveyors. In estimating fair value, regard has been given to the nature of the property by reference to its use, location, size, method of construction, age, all other relevant matters, and the prevailing market forces.

All Held for Sale assets, Surplus assets and Investment Properties are measured at fair value and have been categorised as having a level 3 input level in the fair value hierarchy, except for these valued at £1. Further information on fair value measurement can be found under accounting policies and table below.

<b>Surplus Assets FV valuation technique</b>	<b>2022/23</b>
	<b>£000</b>
Estimated sales price assuming development potential	22,314
Estimated sales price by direct comparison	1,220
Capitalisation of rental value	367
<b>Net Book Value at 31 March</b>	<b>23,901</b>

### **Note 9b – Infrastructure Assets**

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits means 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 asset.

	2022/23	2023/24
	£000	£000
Net book value (modified historical cost)		
At 1 April	136,655	139,552
Additions	7,658	7,832
Derecognition	0	0
Depreciation	(4,761)	(4,960)
<b>Net Book Value at 31 March</b>	<b>139,552</b>	<b>142,424</b>

	2022/23	2023/24
	£000	£000
Infrastructure Assets	139,552	142,424
Other PPE assets	3,013,069	3,041,914
<b>Total PPE assets</b>	<b>3,152,621</b>	<b>3,184,338</b>

The authority has elected to adopt the Temporary Relief for 2023/24 as it is unable to accurately calculate the value of any infrastructure asset, such as roads and street lighting, that have been disposed of or replaced during the financial year. The authority has determined in accordance with Regulation [30M England or 24L Wales] 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. The authority believes that the economic benefit from the net book value of infrastructure assets, as reported at the 31 March 2024, will continue to be realised through continued use.

## Note 10 – Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Expenditure line within the Comprehensive Income and Expenditure Statement:

	2022/23	2023/24
	£000	£000
Rental income from investment property	335	335
<b>Net gain/(loss)</b>	<b>335</b>	<b>335</b>



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

The following table summarises the movement in the fair value of investment properties over the year:

	2022/23	2023/24
	£000	£000
Balance at start of the year	4,840	4,810
Net Gains/Losses from fair value adjustment	(30)	(644)
<b>Balance at end of the year</b>	<b>4,810</b>	<b>4,166</b>

## Note 10A – Surplus Assets

Surplus assets are those assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale. The fair value of surplus assets 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.

The following table summarises the movement in the fair value of surplus assets over the year:

	2022/23	2023/24
	£000	£000
Balance at start of the year	27,094	23,431
Transfers:		
To/from property, plant and equipment	(1,075)	470
Depreciation	(88)	(28)
Other Changes	(2,500)	(3,827)
<b>Balance at end of the year</b>	<b>23,431</b>	<b>20,046</b>

## Note 11 – Impairment Losses

The Authority's Valuer has assessed there has been no impairment with regards to the overall asset portfolio.

## Note 12 – Assets Held for Sale

<b>Assets Held for Sale</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Balance outstanding at start of year</b>	<b>5,327</b>	3,127
Assets newly classified as held for sale – Property, Plant and Equipment	<b>8,889</b>	0
Additions	<b>0</b>	0
Revaluation gains	<b>0</b>	25,025
Revaluation losses	<b>(7,939)</b>	(536)
Assets declassified as held for sale – Property, Plant and Equipment	<b>0</b>	(950)
Assets sold	<b>(3,150)</b>	(677)
<b>Balance outstanding at year-end</b>	<b>3,127</b>	<b>25,989</b>

## Note 13 – Capital Expenditure and Capital Financing

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

<b>2022/23</b>	<b>Capital Expenditure and Capital Financing</b>	<b>2023/24</b>
<b>£000</b>		<b>£000</b>
<b>818,735</b>	<b>Opening Capital Financing Requirement b/f</b>	<b>869,125</b>
<b>29,111</b>	Adjustment to balance b/f	0
<b>847,846</b>	<b>Opening Capital Financing Requirement</b>	<b>869,125</b>
	<b>Capital Investment</b>	

164,119	Property, Plant and Equipment	299,372
17,657	Revenue expenditure funded from capital under statute	23,243
<b>Sources of Finance</b>		
(75,061)	Capital receipts	(61,636)
(33,940)	Government grants and other contributions	(87,419)
(41,928)	Direct revenue contributions	(49,513)
(11,888)	MRP / loans fund principal	(12,910)
2,320	Reserved capital receipts	0
<b>869,125</b>	<b>Closing Capital Financing Requirement</b>	<b>980,262</b>
<b>Explanation of Movement in Year</b>		
(1,868)	Increase in underlying need to borrow (supported by government financial assistance)	(1,868)
52,258	Increase in underlying need to borrow (unsupported by government financial assistance)	113,005
<b>50,390</b>	<b>Increase / (decrease) in Capital Financing Requirement</b>	<b>111,137</b>

## Note 14 – Private Finance Initiatives and Similar Contracts

The Authority has two PFI contracts.

### Provision of Neighbourhood Resource Centres (NRCs)

A PFI agreement was signed in 2002 for the provision of three Centres. The three NRCs were designed to replace the Authority's four Homes for Elderly People (HEP) and deliver a range of high quality services for older people. The NRCs opened between May and August 2004 and the contract is for 30 years. The Authority is leasing the sites to the Provider for 30 years at nil value and will be returned to the Authority for nil consideration at the end of the contract.

### Provision of two secondary schools

The Authority entered into an agreement in 2009 for the provision of two schools, Crown Woods and Thomas Tallis. The schools came into operation during 2011/12 and the contract runs for 25 years. The sites were made available to the operator at nil value for the duration of the contract. In September 2014, Crown Woods converted to academy status. The Authority undertook a refinancing exercise of the PFI contract in 2016/17.

In accordance with the Code of Practice on Local Authority Accounting the assets provided under the PFI contracts and the sites provided by the Authority are recognised on the authority's Balance Sheet. Movements in value are detailed in the analysis movement on Property, Plant and Equipment.

Under these contracts the Authority paid £13.987m (NRCs) and £18.447m (secondary schools) in 2023/24. The Authority is required to make the following payments to the Providers of these contracts:

Year	NRCs			Secondary Schools		
	Services £000	Interest £000	Capital £000	Services £000	Interest £000	Capital £000
2024/25	12,250	766	455	6,208	6,439	3,431
2025/26 to 2028/29	50,729	3,029	3,039	29,610	21,144	15,236
2029/30 to 2033/34	66,788	3,042	8,164	46,603	13,763	26,078
2034/35 to 2038/39	7,526	0	914	15,818	5,862	24,887
<b>Total</b>	<b>137,293</b>	<b>6,837</b>	<b>12,572</b>	<b>98,239</b>	<b>47,208</b>	<b>69,632</b>

Although the payments made to the contractors are described as unitary payments, they have been calculated to compensate the contractors for the fair value of the services delivered, the capital expenditure incurred in providing the facilities and interest payable. The payments under these PFI agreements are partially linked to Retail Price Index, adjusted for on an annual basis, and can be reduced if the contractor fails to meet the service or availability standards set-out in the contracts. The liability outstanding to pay the contractors for the capital expenditure incurred is as follows:

Outstanding Liability	NRCs		Secondary Schools	
	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000
<b>Balance outstanding at start of year</b>	<b>13,871</b>	<b>13,179</b>	<b>76,875</b>	<b>73,434</b>
Payments during the year	(692)	(608)	(3,441)	(3,803)
<b>Balance outstanding at year-end</b>	<b>13,179</b>	<b>12,571</b>	<b>73,434</b>	<b>69,631</b>

The Authority has the right to terminate the contracts provided it compensates the contractors in full for all costs incurred, including the repayment of outstanding debt. In accordance with the contracts, the Authority may opt to refinance the PFIs through the contractors. During 2016/17 the Authority authorised the refinancing of its Secondary School PFI with the gain shared with the contractor. The savings realised by the Authority during 2023/24 and applied as a reduction in the interest charge was £0.258m (£0.282m 2022/23). The amounts held as deferred income in respect of this transaction at 31 March 2024 is;

PFI Deferred Income	2022/23 £000	2023/24 £000
Not later than one year	258	236
Later than one year and not later than five years	832	761

Late than five years	1,032	867
<b>Total</b>	<b>2,122</b>	<b>1,864</b>

## SI06 Liabilities

Section 106 receipts are monies paid to the Authority by developers in relation to the granting of planning permission and typically detail works that are required to be carried out or relate to the provision of new facilities as a result of that permission (e.g. affordable homes, early years provision). These sums are ring-fenced and can only be spent as part of an agreement with the developer. As at 31<sup>st</sup> March 2024, the Authority held £48.280m of SI06 liabilities (£45.183m 2022/23).

## Note 15 – Leases

### Authority as Lessee

#### Finance Leases

The Authority has an industrial estate and four premises held under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

Finance Lease (Lessee)	2022/23	2023/24
	£000	£000
Vehicles, Plant , Furniture and Equipment	7,212	7,140

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the asset acquired and finance costs payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

Finance Lease Liabilities (net present value of minimum lease payments)	2022/23	2023/24
	£000	£000
Current	2	2
Non Current	1,664	1,662
Finance costs payable in future years	4,936	4,856
<b>Minimum lease payments</b>	<b>6,602</b>	<b>6,520</b>

The minimum lease payments will be payable over the following periods:

Finance Lease Liabilities	Minimum Lease Payments		Finance Lease Liabilities	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
Not later than one year	82	82	2	2
Later than one year and not later than five years	326	326	8	9
Late than five years	6,195	6,113	1,656	1,654
<b>Total</b>	<b>6,602</b>	<b>6,521</b>	<b>1,666</b>	<b>1,665</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2023/24 contingent rents payable by the Authority were £334,792 (2022/23: £334,792).

The Authority has sub-let some units of the industrial estate and other historic buildings' assets held under finance lease. At 31 March 2024 the minimum payments expected to be received under non-cancellable sub-leases was £2,261,062 (£2,219,555 at 31 March 2023).

## Operating Leases

### Property

The Authority has acquired some land and a number of buildings to assist with service provision throughout the Borough. The future minimum lease payments due under non-cancellable leases in future years are:

Operating Leases	2022/23	2023/24
	£000	£000
Not later than one year	285	283
Later than one year and not later than five years	958	1,125
Later than five years	7,425	7,271
<b>Minimum Lease payments</b>	<b>8,668</b>	<b>8,679</b>

The leases are held for a variety of reasons and are charged to their relevant service line in the Comprehensive Income & Expenditure Statement. The lease payments recognised as an expense in the period total £337,194 (£413,691 2022/23). The Authority has sub-let some of the assets held under the above

operating leases. At 31 March 2024 the minimum payments expected to be received under non-cancellable sub-leases was £349,719 (£555,403 at 31 March 2023).

## Internal Leasing

The Authority operates an internal leasing fund whereby services make annual contributions into a centrally held usable reserve, based on the expected primary life of the asset. This is subsequently used to finance the acquisition of vehicles used principally in the provision of waste collection, building maintenance, street cleansing and passenger services. In 2023/24 the Authorities' accounts include capital expenditure to the value of £755,414 (£5,879,795 in 2021/22) on the acquisition of new vehicles, of which £650,054 was funded by a revenue contribution to capital from the internal leasing fund. No repayments were made to the fund in 2023/24 (£3,209,705 in 2022/23).

## Authority as Lessor

### Finance Leases

The Authority has leased out part of a Car Park (Calderwood Street) to a Building Management company on a finance lease with a remaining term of 106 years.

The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated of the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

Finance Lease Debtor (net present value of minimum lease payments)	2022/23	2023/24
	£000	£000
Non-current	307	307
Unearned finance income	7,474	7,399
<b>Gross Investment in the Lease</b>	<b>7,781</b>	<b>7,706</b>

The gross investment in the lease and the minimum lease payments will be received in the following periods:

Finance Lease Debtor	Gross Investment in the Lease		Minimum Lease Payments	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
Not later than one year	75	75	75	75
Later than one year and not later than five years	299	299	299	299
Later than five years	7,407	7,332	7,407	7,332
<b>Minimum Lease Payments</b>	<b>7,781</b>	<b>7,706</b>	<b>7,781</b>	<b>7,706</b>

There have been no contingent rents received in respect of the Calderwood Street Car Park lease in 2023/24 (£nil in 2022/23).

### Operating Leases

The Authority leases out property and equipment under operating leases for the following purposes:

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

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

Future Minimum Lease Payments	2022/23	2023/24
	£000	£000
Not later than one year	5,624	5,667
Later than one year and not later than five years	13,200	13,264
Later than five years	27,534	27,705
<b>Minimum Lease Payments</b>	<b>46,358</b>	<b>46,636</b>

There have been no contingent rents received under operating lease agreements in 2023/24 (£nil in 2022/23).

## Note 16 - Financial Instruments

### Categories of Financial Instruments

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



	Carrying Value			
	Long Term		Short Term	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
<u>Investments*</u>				
Amortised Cost	35,838	40,019	115,974	431
<u>Debtors**</u>				
Amortised Cost	9,115	2,004	60,065	48,317
Cash and Cash Equivalents	0	0	32,298	11,631
<b>Total Financial Assets</b>	<b>44,953</b>	<b>42,023</b>	<b>208,337</b>	<b>60,379</b>
<u>Borrowings</u>				
Financial Liabilities at amortised cost	(412,946)	(443,338)	(10,619)	(23,873)
<u>Other Long Term Liabilities</u>				
PFI and Finance Lease Liabilities	(86,613)	(79,980)	(4,409)	(3,888)
<u>Creditors***</u>				
Amortised Cost	0	0	(68,136)	(94,753)
Cash Overdrawn	0	0	(720)	(788)
<b>Total Financial Liabilities</b>	<b>(499,559)</b>	<b>(523,318)</b>	<b>(83,884)</b>	<b>(123,302)</b>

\* Long Term investments includes £37.184m held with Meridian Home Start.

\*\* The figure for short-term debtors (net of bad debts provision) excludes prepayments of £4.362m (2022/23 £3.892m) and also excludes Collection Fund, NNDR and Government entries of £30.472m (2022/23 £29.541m). The figure for long-term debtors excludes Collection Fund entries of £1.827m.

\*\*\* The figure for creditors excludes prepaid income of £9.884m (2022/23 £10.859m) and also excludes Collection Fund and Government entries of £28.371m (2022/23 £49.074m)

### Income, Expense, Gains and Losses

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

Income, Expense, Gain and Loss	2022/23			2023/24		
	Financial Liabilities measured at amortised cost	Financial Assets: measured at amortised cost	Financial Assets: measured at fair value through Profit and Loss	Financial Liabilities measured at amortised cost	Financial Assets: measured at amortised cost	Financial Assets: measured at fair value through Profit and Loss
	£000	£000	£000	£000	£000	£000
Interest Expense	(26,935)	0	0	(26,633)	0	0
Interest Income	0	3,828	0	0	4,929	0
Gains/(losses) on financial assets	0	0	0	0	0	0

### Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by Investment, long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- based on rates for equivalent loans at that date (new loan redemption rates for PWLB)
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.

Except for the financial liabilities carried at fair value (described below), all other financial liabilities and financial assets represented by investment and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For loans from the PWLB payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price. As an alternative, we have assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on Balance Sheet date (which could be viewed as a proxy for transfer value);
- For non-PWLB loans payable, PWLB new loan repayment rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable, the prevailing benchmark market rates have been used to provide the fair value;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

Financial liabilities are held with PWLB and Market lenders. All these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Link Asset Services. This valuation applies the net present value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date.

As new loan rate borrowing comparison would not reflect the effect of the penalty charge that PWLB would raise on early repayment, a supplementary measure of the fair value of PWLB Commitment is to compare the terms of these loans with estimates of the terms that would be offered for the market transactions undertaken at the balance sheet date, which has been assumed as the PWLB Premature Repayment Rate. At the balance sheet date, the fair value for PWLB would be £335m (22/23 £295m), LOBO £71m & Fixed rate loans £52.5m (22/23 £152m combined) and Other Loans £8.6m (22/23 £9m). The PFI liabilities measure using Premature Repayment Rate would be £86m (22/23 £94m) The following table shows the Fair Value of PWLB, LOBO and Other Loans measured at New Loan Rate.

The fair values calculated are as follows:

Financial Liabilities Held at Amortised		31 March 2023		31 March 2024	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Costs	Fair Value Level	£000	£000	£000	£000
PFI/ Finance Lease	2	(88,279)	(89,918)	(83,868)	(83,569)
PWLB	2	(283,101)	(259,257)	(343,394)	(302,058)
LOBO	2	(129,791)	(122,967)	(113,752)	(96,128)
Other Loans	2	(10,673)	(8,464)	(10,064)	(7,911)
Overdrawn	N/A	(720)	(720)	(788)	(788)

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

Assets	31 March 2023		31 March 2024		
	Fair Value Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£000	£000	£000	£000
Financial assets held at amortised cost:					
Investment	2	151,812	151,492	40,449	40,021
Cash and cash equivalents	1	32,298	32,298	11,631	11,631
Short Term Debtors	N/A	60,065	60,065	48,317	48,317
Long Term Debtors	N/A	9,115	9,115	2,004	2,004

The fair value of the assets is lower than the carrying amount where the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions as at 31 March 2024) attributable to the commitment to receive interest lower than current market rates. Assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument. Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

## Note 17 - Nature and Extent of Risks Arising from Financial Instruments

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- Re-financing risk - the possibility that the Authority 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 Authority as a result of changes in such measures as interest rates and stock market movements.

### Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. This requires the Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Authority to manage risk in the following ways:

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

These are required to be reported and approved before the start of the year to which they relate. These items are reported with the annual treasury management strategy, which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 21 February 2023.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, investment securities and as credit exposures to the Authority'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. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- credit default swap spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries
- share prices and news and information from the City via Bloomberg and other sources.
- UK institutions provided with support from the UK Government
- a £30m credit limit (with the exception of the UK Government)

The Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and securities. The Authority does not generally allow credit for customers. The past due but not impaired amount (forming part of the Authority's debtors) can be analysed by age as follows (all sums owing are due to be settled within one year):

<b>Debtor Age</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Less than three months	19,086	20,464
Three to six months	8,080	1,299
Six to one year	5,320	9,180
More than one year	14,828	18,192
<b>Total</b>	<b>47,314</b>	<b>49,135</b>

A summary of the credit quality of the Council's investments at 31 March 2024 is shown below:

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
Amortised Cost	Fitch Ratings	Amortised Cost
115,653	AA-	6
36,159	N/A	*40,171
<b>151,812</b>		<b>40,171</b>

\* The £40m N/A Amortised cost are related to non-treasury loans made up mostly from Meridian Home Start Ltd. whose loan is secured against the assets of the properties

### Liquidity Risk

The Authority manages its liquidity position through the risk management procedures above, as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed. The Authority has term investments in the DMO, which are classified as “investment at amortised cost”, The Authority has ready access to borrowings from banks to cover any day- to-day cash flow need and the PWLB and money markets for access to longer-term funds. The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. 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 (see Refinancing Risk).

### Refinancing Risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures,

longer-term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets. The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks, and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The Authority sets limits on the proportion of its fixed rate borrowing during specified periods. Interest rates on loans varied between 0.96% - 8.13% (2022/23: 0.96% - 8.13%). The principal maturity analysis of financial liabilities is as follows:

2022/23 £'000					2023/24 £'000			
PWLB	LOBO/Fixed*	Others	Total		PWLB	LOBO/Fixed*	Others	Total
6,910	-	608	7,518	Less than one year	20,000	-	608	20,608
0	-	608	608	Between one and two years	0	-	608	608
6,910	-	1,825	8,735	Between two and five years	41,002	-	1,825	42,827
25,911	-	3,367	29,278	Maturing in five to ten years	45,729	-	3,529	49,258
241,086	129,000	4,239	374,325	Maturing in more than ten years	234,176	113,000	3,469	350,645
<b>280,817</b>	<b>129,000</b>	<b>10,647</b>	<b>420,464</b>		<b>340,907</b>	<b>113,000</b>	<b>10,039</b>	<b>463,946</b>

\* The LOBO maturity profile assumes that the lender will not exercise their option until maturity. It also includes £52.5m of loans now converted to fixed rate loans (as below).

Within the “more than ten years” category, are £60.5m of market loans (LOBO's) made up of varied interest rates between 4.14% and 4.48%, all of which have options built into them whereby, after a period of time the lender may ask for the rate payable to be changed. The Authority has the option to either accept this increase or repay the loan in full, without penalty. The risk to the Authority is that these options get exercised at a time of unfavourable interest rates. The Authority has set a limit on its long-term borrowing that can be undertaken on this basis. The option dates have been spread over several years to ensure that the risk of this scenario occurring is reduced. All trade and other payables are due to be paid in less than one year. A further £52.5m is now with fixed rate loans between 3.89% and 4.55% interest with an Insurance company and a U.K. Bank in this category. Also included is an Amber Meef 2 LLP loan with £10.04m remaining for our street lighting capital program with a preferential rate of 0.96%, whilst the remaining £281m is with PWLB Loans at various interest rates between 1.37% and 8.13%.

## Market Risk

### Interest Rate Risk

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

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall.

On 31 March 2024, 100% of the debt portfolio was held in fixed rate instruments, (assuming we hold our LOBO loans to maturity). Those debts are all purchased on a hold to maturity basis and therefore any temporary fluctuations in the market value of such products would have no impact on the Council's finances. Investments are also subject to movements in Interest rates. Most of the investments were held as fixed rate, and on a fixed term basis. On 31 March 2024, £6,000.00 was held in call accounts on variable interest rates. If variable interest rates had been 1% higher (with all other variables held constant) the financial effect would be a net increase in income of £60.00. The impact of a 1% fall in interest rates would be a net decrease in income of £60.00.

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

The Authority has a number of strategies for managing interest rate risk. During periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs. The treasury management team has an active strategy for assessing interest rate exposure. The long-term borrowing of the Authority is held at a fixed rate and thus there would be no effect on the Comprehensive Income and Expenditure Statement, or the debit to the Housing Revenue Account, if interest rates were different from those that prevailed on the Balance Sheet date. Investments are mostly held at fixed rates.

### Price Risk

The Authority does not generally invest in equity shares but can hold Treasury Bills. The Authority was consequently exposed to gains or losses arising from movements in the prices of these instruments should they have wished to sell them before their maturity date. The Treasury Bills would be classified as



'Investment at amortised cost', meaning that all movements in price will impact on gains and losses recognised in income and expenditure in the surplus or deficit on the provision of services. There was three 0.25 – 0.50% rise changes in Bank Base rate between the date on which the securities were acquired and the Balance Sheet date, and the carrying value thus would have slightly changed the fair value of the Treasury Bills. It is the Authority's current policy not to trade the securities before their maturity date unless there are exceptional circumstances.

### Foreign Exchange Risk

The Authority has no financial assets / liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

## Note 18 - Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Authority are eligible to be members of the Teachers' Pension Scheme, administered by the Department for Education. Certain Public Health employees who transferred to the Authority on 1 April 2013 are eligible to be members of the NHS Pension Scheme. The Schemes provide relevant employees with specified benefits upon their retirement and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Schemes are technically defined benefit schemes. However, the Schemes are unfunded and use notional funds as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of the underlying financial position and performance of the Schemes with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, they are accounted for on the same basis as defined contribution schemes.

In respect of Teacher's Pensions, the Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and included within Note 19.

Scheme	Year ending 31 March 2023		Year ending 31 March 2024	
	Contributions paid	Percentage of pensionable pay	Contributions paid	Percentage of pensionable pay
	£000	%	£000	%
Teacher's Pensions	16,277	23.68	16,453	23.68
NHS Pension scheme	112	14.38	102	14.38
<b>Total</b>	<b>16,389</b>	<b>-</b>	<b>16,555</b>	<b>-</b>

\*Total contributions paid into the Teachers' Pension Scheme in 2023/24 was £23.267m (£23.107m in 2022/23).

## Note 19 - Defined Benefit Pension Schemes

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the benefit payments, and that needs to be recognised and disclosed at the time that employees earn their future entitlement. Benefits are therefore, guaranteed.

The Authority participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS), administered locally by the Royal Borough of Greenwich (RBG) – this is a funded defined benefit career average re-valued earnings scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The Authority is an employer within the London Pension Fund Authority (LPFA), which is also a LGPS fund.
- Discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due. No further awards have been made since 2008 in respect of the LGPS. However, this facility remains as part of the Teachers' Pension Scheme.

The policy for recognising actuarial gains and losses is that actuarial gains and losses are recognised in the reserves i.e. in Other Comprehensive Income and Expenditure.

### Transactions Relating to Post-employment Benefits

The costs of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions (in accordance with IAS 19). However, the charge required to be made against council tax is based on the cash payable in the year (derived from the employer contribution rates of 18.5% for RBG and 11.5% for LPFA, plus lump sums as required), therefore, the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

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**Total Expense Recognised in the Comprehensive I&E Statement**

**LGPS (Funded)**

**Discretionary Benefits (Unfunded)**

**for Post-Employment Benefits**

	2022/23	2023/24		2022/23	2023/24			
	Total	RBG	LPFA	Total	Total	RBG	LPFA	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Comprehensive I&amp;E Statement</b>								
<u>Cost of Services</u>								
<u>Service cost comprising</u>								
Current service cost including admin expenses	50,120	33,684	153	33,837	-	-	-	-
Settlements and curtailments	1,300	454	-	454	-	-	-	-
Past Service Cost	-	-	-	-	-	-	-	-
Financing and Investment Income and Expenditure	-	-	-	-	-	-	-	-
Net interest expense	822	2,839	(14)	2,825	1,578	1,468	90	1,558
<b>Total Post Employment Benefit Charged to SoDoPS</b>	<b>52,242</b>	<b>36,977</b>	<b>139</b>	<b>37,116</b>	<b>1,578</b>	<b>1,468</b>	<b>90</b>	<b>1,558</b>
<u>Other Post Employment benefit Charged to the Comprehensive I&amp;E Statement</u>								
Re-measurement of the net defined benefit liability comprising:								
Return on plan assets	97,418	(37,040)	(4,216)	(41,256)	-	-	-	-
Actuarial (gains) or losses arising on changes in demographic assumptions	-	(27,303)	(831)	(28,134)	-	1,911	28	1,939
Actuarial (gains) or losses arising on changes in financial assumptions	(887,598)	(34,052)	(35)	(34,087)	10,727	229	2	231
Experience gain/loss	186,060	(19,328)	194	(19,134)	(3,687)	9,733	(6)	9,727
Other	-	-	-	-	-	-	-	-
	14,385	-	4,841	4,841	-	-	-	-
<b>Total Post Employment Benefit Charged to other Income and Expenditure in the CIES</b>	<b>(589,735)</b>	<b>(117,723)</b>	<b>(47)</b>	<b>(117,770)</b>	<b>7,040</b>	<b>11,873</b>	<b>24</b>	<b>11,897</b>
<b>Total Charged to the CIES</b>	<b>(537,493)</b>	<b>(80,746)</b>	<b>92</b>	<b>(80,654)</b>	<b>8,618</b>	<b>13,341</b>	<b>114</b>	<b>13,455</b>

## Movement in Reserves Statement

Reversal of net charges made to SoDoPS for post- employment benefits (per Code)	(52,242)	(36,977)	(139)	(37,116)	(1,578)	(1,468)	(90)	(1,558)
<b>Actual amount charged against the General Fund Balance for Pensions in the Year</b>								
Employer's contributions payable to the scheme	<b>34,220</b>	<b>36,410</b>	<b>62</b>	<b>36,472</b>				
Retirement benefits payable to pensioners					<b>3,780</b>	<b>3,774</b>	<b>186</b>	<b>3,960</b>

## Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included in the balance sheet arising from the Authority's obligation in respect of its defined benefits plans is as follows:

Pensions Assets and Liabilities recognised in the Balance Sheet	LGPS (Funded)			
	2022/23	2023/24		
	Total	RBG	LPFA	Total
	£000	£000	£000	£000
Present value of defined benefit obligation	(1,590,693)	(1,503,052)	(56,330)	(1,559,382)
Fair value of plan assets	1,497,213	1,483,264	99,439	1,582,703
Other movements in liability/(assets) – asset ceiling	(36,349)	(16,883)	(42,935)	(59,818)
<b>Net liability arising from Defined Benefit Obligation</b>	<b>(129,829)</b>	<b>(36,671)</b>	<b>174</b>	<b>(36,497)</b>

Pensions Assets and Liabilities recognised in the Balance Sheet	Discretionary Benefits (Unfunded)			
	2022/23	2023/24		
	Total	RBG	LPFA	Total
	£000	£000	£000	£000

<b>Net liability arising from Defined Benefit Obligation</b>	<b>(33,019)</b>	<b>(16,883)</b>	<b>(1,837)</b>	<b>(18,720)</b>
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### Reconciliation of the movements in the Fair Value of Scheme (Plan) Assets

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Reconciliation of movements in the  Fair Value of the scheme (plan) assets	Local Government Pension Scheme			
	2022/23		2023/24	
	Total	RBG	LPFA	Total
	£000	£000	£000	£000
<b>Opening balance 1 April</b>	<b>1,553,250</b>	<b>1,402,315</b>	<b>94,898</b>	<b>1,497,213</b>
Interest on scheme assets	<b>60,467</b>	69,971	4,458	<b>74,429</b>
Re-measurement gain/ loss:				
Return on assets less interest	<b>(97,418)</b>	37,040	4,216	<b>41,256</b>
Other	-	-	-	-
Administration expenses	<b>(953)</b>	(1,110)	(28)	<b>(1,138)</b>
Employer contributions	<b>37,628</b>	40,184	248	<b>40,432</b>
Contributions by scheme participants	<b>13,199</b>	13,694	38	<b>13,732</b>
Benefits paid	<b>(68,955)</b>	(77,766)	(4,391)	<b>(82,157)</b>
Settlements	<b>(5)</b>	(1,064)	-	<b>(1,064)</b>
<b>Closing balance 31 March</b>	<b>1,497,213</b>	<b>1,483,264</b>	<b>99,439</b>	<b>1,582,703</b>

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

Reconciliation of present value of the Scheme Liabilities (Defined Benefit Obligation)	LGPS (Funded)				Discretionary (Unfunded)			
	2022/23		2023/24		2022/23		2023/24	
	Total	RBG	LPFA	Total	Total	RBG	LPFA	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Opening balance 1 April</b>	<b>(2,219,058)</b>	<b>(1,532,396)</b>	<b>(58,297)</b>	<b>(1,590,693)</b>	<b>(42,261)</b>	<b>(31,062)</b>	<b>(1,957)</b>	<b>(33,019)</b>
Current service cost	(49,167)	(32,574)	(125)	(32,699)	-	-	-	-
Interest cost	(60,607)	(72,810)	(2,699)	(75,509)	(1,578)	(1,468)	(90)	(1,558)
Contributions by scheme participants	(13,199)	(13,694)	(38)	(13,732)	-	-	-	-
Remeasurement gains and losses	-	-	-	-	-	-	-	-
Change in demographic assumptions	-	23,481	775	24,256	-	1,911	28	1,939
Change in financial assumptions	866,144	33,594	31	33,625	10,727	229	2	231
Experience loss/(gain) on defined benefit obligation	(178,686)	(138)	(182)	(320)	(3,687)	9,733	(6)	9,727
Benefits paid	65,175	73,992	4,205	78,197	3,780	3,774	186	3,960
Settlements	23	1,287	-	1,287	-	-	-	-
Past service costs, including Curtailments	(1,318)	(677)	-	(677)	-	-	-	-
<b>Closing balance 31 March</b>	<b>(1,590,693)</b>	<b>(1,519,935)</b>	<b>(56,330)</b>	<b>(1,576,265)</b>	<b>(33,019)</b>	<b>(16,883)</b>	<b>(1,837)</b>	<b>(18,720)</b>

## Local Government Pension Scheme Assets

The Discretionary Benefits arrangement has no assets to cover its liabilities. The LGPS assets consist of the following categories, by amount and proportion of the total assets held:

RBG Pension Fund	2022/23			2023/24		
	Quoted price in active markets	Not quoted price in active markets	Total	Quoted price in active markets	Not quoted price in active markets	Total
	£000	£000	£000	£000	£000	£000
UK and Overseas Unit Trusts	-	-	-	-	-	-
Unitised insurance policies	-	-	-	-	-	-
Equity	-	647,766	647,766	-	704,358	704,358
Bonds	-	-	-	-	-	-
Fixed Income	-	267,248	267,248	-	280,933	280,933
Property	-	-	-	-	-	-
Property- Unit trust	-	117,751	117,751	-	117,226	117,226
Multi Asset	-	175,161	175,161	-	174,765	174,765
Infrastructure	-	16,652	16,652	-	20,828	20,828
Private Debt	-	51,789	51,789	-	58,297	58,297
Diversified Alternative	-	95,126	95,126	-	90,088	90,088
Private equity	-	1,044	1,044	-	736	736
Property-Freehold	-	5,700	5,700	-	5,221	5,221
Cash/other investment balance	-	24,078	24,078	-	30,812	30,812
<b>Closing balance 31 March</b>	-	<b>1,402,315</b>	<b>1,402,315</b>	-	<b>1,483,264</b>	<b>1,483,264</b>

LPFA	2022/23			2023/24		
	Quoted price in active markets	Not quoted price in active markets	Total	Quoted price in active markets	Not quoted price in active markets	Total
	£000	£000	£000	£000	£000	£000
Equity investments	55,806	-	55,806	60,207	-	60,207
Property	-	9,319	9,319	-	9,097	9,097
Infrastructure	-	12,007	12,007	-	11,423	11,423
Target Return Portfolio	17,645	-	17,645	17,154	-	17,154

Cash	-	121	121	-	1,558	1,558
<b>Closing balance 31 March</b>	<b>73,451</b>	<b>21,447</b>	<b>94,898</b>	<b>77,361</b>	<b>22,078</b>	<b>99,439</b>

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years, dependent on assumptions about mortality rates, salary levels, etc. Both the LGPS and Discretionary Benefits liabilities have been assessed by Barnett-Waddingham, an independent firm of actuaries, using data from the full triennial valuation as at 31 March 2022.

The principal assumptions used by the actuary have been:

Assumptions	RBG		LPFA	
	2022/23	2023/24	2022/23	2023/24
<b>Mortality assumptions (yrs)</b>				
Longevity at 65 for current pensioners				
Men	19.6	19.3	20.9	20.6
Women	23.0	22.7	23.5	23.3
Longevity at 65 for future pensioners				
Men	21.0	20.6	21.1	20.9
Women	24.5	24.2	25.4	25.1
<b>Other assumptions (%)</b>				
Rate of inflation (CPI)	2.95	2.90	2.90	2.95
Rate of increase in salaries	3.95	3.90	3.90	3.95
Rate of increase in pensions	2.95	2.90	2.90	2.95
Rate for discounting scheme liabilities*	4.80	4.90	4.80	4.85

\*Effectively also equal to the expected return

RBG and LPFA assume all members will retire at one age for all tranches of benefit, which will be the weighted average tranche retirement age.



There have been marginal changes in the rate for discounting scheme liabilities between 2022/23 and 2023/24 for RBG and the LPFA scheme. The RBG discount rate increased by 0.10% and the LPFA discount rate increased by 0.05%. Had the discount rate remained at 2022/23 levels, the defined benefits obligation for RBG would have decreased by £73.8m and LPFA would have decreased by £2.8m.

Change in Assumptions	Increase in assumption			Decrease in assumption		
	RBG	LPFA	Total	RBG	LPFA	Total
	£000	£000	£000	£000	£000	£000
Rate for discounting scheme liabilities (increase or decrease by 0.1 %)	(22,672)	(564)	<b>(23,236)</b>	23,240	574	<b>23,814</b>
Rate of increase in salaries (increase or decrease by 0.1 %)	1,497	16	<b>1,513</b>	(1,487)	(15)	<b>(1,502)</b>
Rate of increase in pensions (increase or decrease by 0.1 %)	22,177	568	<b>22,745</b>	(21,642)	(559)	<b>(22,201)</b>
Longevity (increase or decrease in 1 year)	67,140	3,583	<b>70,723</b>	(63,986)	(3,361)	<b>(67,347)</b>

#### Impact on the authority's cash flows

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £55.217m (2022/23: £162.848m) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet resulting in an overall balance of £2.551bn (2022/23: £2.588bn). However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the LGPS will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The objective of the scheme is to achieve 100% funding. Funding levels are monitored on an annual basis. A triennial valuation was carried out as at 31 March 2022, utilising three pools of employers within the scheme. The valuation has taken account of the national changes to the scheme under the Public Pensions Services Act 2013. The Act provides for scheme regulations to be made within a common framework, to establish new career average re-valued earnings to pay pensions and other benefits to certain public servants. The next valuation will be calculated as at 31 March 2025, effective from 1 April 2026. The total contributions expected to be made in respect of funded defined benefits by the Authority in the year to 31 March 2024 are £36.18m. The weighted average duration of the defined benefit obligation for RBG scheme members is 20 years and LPFA scheme members 12 years.

## Note 20 - Short Term Debtors

31-Mar-23 £000	Short Term Debtors	31-Mar-24 £000
15,244	HMRC – VAT	13,106
601	Other Central government bodies	2,596
6,105	Other local authorities	2,872
8,917	NHS bodies	6,953
11,387	Council Tax Arrears	9,809
1,477	Council Tax Court Cost	1,206
5,567	Housing Benefit Overpayment Debt	2,990
1,818	Housing Rents	3,824
832	Business Rates Debt	348
25,582	Sundry Debtors	22,905
3,892	Prepayments	4,362
12,075	Other	12,181
<b>93,498</b>	<b>Total</b>	<b>83,151</b>

Debtors are shown net of bad debts provision of £72.536m at 31st March 2024 and £59.086m at 31st March 2023

## Note 21 – Debtors for Local Taxation

Aged Taxation Arrears	Council Tax		Business Rates	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
Not later than one year	3,789	4,455	547	202
Later than one year and not later than five years	5,544	5,165	271	138
Later than five years	2,053	189	13	8
<b>Total</b>	<b>11,387</b>	<b>9,809</b>	<b>832</b>	<b>348</b>

Council Tax debtors are shown net of bad debts provision of £26.338m at 31st March 2024 and Business Rates debtors are shown net of bad debts provision of £3.070m at 31st March 2024.

## Note 22 - Short Term Creditors

31-Mar-23	Short Term Creditors	31-Mar-24
£000		£000
(15,337)	Central government bodies	(2,171)
(2,347)	DLUHC - Business Rate Prepayments	(2,152)
(6,493)	HMRC – PAYE & N.I.	(6,960)
(15,045)	Other local authorities	(6,267)
(2,983)	GLA – Business Rate Prepayments	(2,890)
(2,334)	NHS bodies	(2,817)
(9,383)	Accumulated Absences Account	(9,654)
(8,515)	HRA Prepayments	(7,877)
(7,859)	RBG Council Tax Prepayments	(7,105)
(2,133)	RBG Business Rates Prepayments	(1,956)
(1,022)	Other Prepayments	(916)
(54,617)	Other entities and individuals	(82,243)
<b>(128,069)</b>	<b>Total</b>	<b>(133,008)</b>

## Note 23 – Provisions

Provisions	1 April 2023	Amounts	Additional Provisions	31 March 2024
	£000	Used/Reversed £000		£000
Insurance	(6,000)	0	(574)	(6,574)
Business Rates Appeals	(1,426)	0	(3,453)	(4,879)
Other	(481)	140	(627)	(969)
<b>Total (Long Term)</b>	<b>(7,907)</b>	<b>140</b>	<b>(4,654)</b>	<b>(12,421)</b>

## Insurance

The Authority's internal insurance fund account is used to cover the cost of insurance. The fund is used to meet the insurance premiums, meet the cost of the insurance claims beneath the insurance excess and provide for insurance claims that have yet to be settled. Through the fund a wide range of insurance risks are covered. These include public liability, employer's liability, vehicles and fire. The timing of any outstanding claims is dependent upon third party solicitors and the courts and it is therefore impossible to state clearly, when the resultant economic benefit transfer will occur. There is also uncertainty around existing claims so no assumptions have been made in respect of future events, and reimbursements. The costs within the Authority's internal insurance fund are met through contributions from departmental services towards the cost of insurance, through central support charges. The Authority previously used Municipal Mutual Insurance Limited to provide insurance cover, until its demise in the 1990s. MMI has continued to meet claims covering the period up until it ceased providing further cover. However, under the administration arrangements, there was provision for scheme creditors (of which the Authority is one) to be called upon to contribute to future scheme liability.

## Business Rates Appeals

The Business Rates Appeals provision represents the Authority's share of contributions made to the Collection Fund Income and Expenditure Account for a provision in relation to business rate appeals.

## Note 24 - Agency Services

### Mayoral CIL

The Authority acts as an Agent for Transport for London in respect of Mayoral (CIL) raised to support strategic infrastructure projects across the Capital and is able to retain up to 4% for administration and collection purposes. During 2023/24 £0.135m was retained and as at 31 March 2024 £1.013m was held on behalf of Transport for London.

<b>Mayoral (CIL)</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Balance at start of the year	<b>1,816</b>	<b>2,228</b>
Contributions	<b>3,663</b>	1,973
Recognised administration fee	<b>(125)</b>	(135)
Transfers to TfL	<b>(3,126)</b>	(3,053)
<b>Balance at end of the year</b>	<b>2,228</b>	<b>1,013</b>

### Business Rates Grants

The Authority acted as an Agent for Central Government in respect of the majority of Business Rates Grants that are used to support business during the current Covid pandemic. This government scheme has now ended with the opening balance of £0.118m recovered from Central Government.

<b>Business Rates Grants</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Balance b/fwd	(10,284)	118
Contributions from the Government	0	(118)
Payments to Businesses	0	0
Unspent grant refunded back	10,402	0
Recognised administration fee	0	0
<b>Balance at end of the year</b>	<b>118</b>	<b>0</b>

### Council Tax Energy Rebate

The Authority acted as an Agent for Central Government to provide a payment of £150 to eligible households as part of its response to rising energy bills. The scheme has ended in 2023/24 with the opening balance repaid to Central Government.

<b>Council Tax Energy Rebate</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Balance b/fwd	0	(783)
Contributions from the Government	(15,112)	0
Unspent grant repaid to the Government	0	803
Payments to/(Recoveries from) Individuals	14,329	(20)
<b>Balance at end of the year</b>	<b>(783)</b>	<b>0</b>

### Alternative Energy Scheme

The Authority acts as an Agent for Central Government to provide payments to households across Great Britain that use alternative fuels like heating oil as part of its response to rising energy bills.

<b>Alternative Energy Scheme</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Balance b/fwd	0	(874)
Contributions from the Government	(1,124)	(71)
Payments to Businesses	179	42
Unspent grant repaid to the Government	0	903
Recognised administration fee	71	0
<b>Balance at end of the year</b>	<b>(874)</b>	<b>0</b>

### Council Tax and NDR

The collection of Council Tax and Business Rates income is in substance also an agency arrangement.

### Note 25 - Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2023. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2023/24:

<b>Dedicated Schools Grant</b>	<b>Central Expenditure</b>	<b>Individual Schools Budget</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Final DSG for 2023/24 before academy and high needs recoupment			369,204

Academy and high needs figure recouped for 2023/24			130,101
Total DSG after academy and high needs recoupmnt for 2023/24			<b>239,103</b>
Plus: Brought Forward from 2022/23			3,739
Less: Carry-forward to 2024/25 agreed in advance			0
Agreed initial budgeted distribution in 2023/24	<b>65,738</b>	<b>177,104</b>	<b>242,842</b>
In year adjustments	0	0	0
Final Budget distribution for 2023/24	<b>65,738</b>	<b>177,104</b>	<b>242,842</b>
<b>Less:</b> Actual central expenditure	47,682		47,682
<b>Less:</b> Actual ISB deployed to schools		194,329	194,329
In year Carry-forward to 2024/25	<b>18,056</b>	<b>(17,224)</b>	<b>832</b>
<b>Plus:</b> Local authority contribution for 2023/24	-	-	-
<b>Carry-forward to 2024/25</b>	<b>18,056</b>	<b>(17,224)</b>	<b>832</b>

The total amount of individual school reserve balances at 31 March 2024 was £8.894m (£9.591m at 31 March 2023).

## Note 26 - Pooled Budgets

Under the terms of a Section 75 Agreement (National Health Service Act 2006), a partnership arrangement exists between the Authority and Oxleas National Health Service Foundation Trust in respect of mental health. The pooled budgets meet the cost of providing all care co-ordinating services for people from this client group.

<b>Greenwich Integrated Mental Health Service</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<u>Funding provided to the pooled budget by</u>		
the Authority	(2,432)	(2,708)
the Trust	(34,056)	(35,274)
<b>Sub Total</b>	<b>(36,488)</b>	<b>(37,982)</b>
<u>Expenditure met from the pooled budget by</u>		
the Authority	2,432	2,576
the Trust	34,317	40,736
<b>Sub Total</b>	<b>36,749</b>	<b>43,311</b>
<b>Net (surplus) / deficit arising on the pooled budget during the year</b>	<b>261</b>	<b>5,329</b>

As it is the lead partner, all detailed transactions are shown in Oxleas Trust accounts. The deficit of £5.3m will be met from Oxleas resources. RBG and Oxleas are looking to refresh the S75 agreement; service delivery and the financial envelope will be covered. Going forward this should help to address any potential pressure on pooled resources.

From 2015/16, there has been a national requirement to operate the BCF as a pooled budget. Resources are transferred to individual Integrated Care Boards (ICB's) from NHS England, and from the ICBs to the pooled budgets. The Authority and South East London (SEL) ICB have entered into such an arrangement, and an agreed level of funding has been entered into a single pot that has then been used to commission and/or deliver health and social care services. The total BCF pot for Greenwich in 2023/24 (SEL ICB & Authority), was £31.784 (including DFG).

<b>Better Care Fund</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<u>Pooled Budget Funding</u>		
the Authority	(15,752)	(18,895)
the Greenwich CCG	(10,928)	(12,889)
<b>Sub Total</b>	<b>(26,680)</b>	<b>(31,784)</b>
<u>Expenditure incurred from pooled budget</u>		
the Authority	15,752	18,895
the Greenwich CCG	11,257	12,889
<b>Sub Total</b>	<b>27,009</b>	<b>31,784</b>
<b>Net (surplus) / deficit arising on the pooled budget during the year</b>	<b>329</b>	<b>0</b>



## Note 27 - External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Authority's external auditors:

<b>External Audit Costs</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	232	483
Fees payable to external auditors for the certification of grant claims and returns for the year.	77	0
Fees payable to external auditors in respect of CFO Insights	10	0
Fees payable to external auditors with regard to audit services carried out by the appointed auditor prior to 23/24	0	151
<b>Total</b>	<b>319</b>	<b>634</b>

## Note 28 - Related Parties

The Authority is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. The UK Government exerts significant control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant amount of its funding in the form of grants, and prescribes the terms of many transactions that the Authority has with other parties (e.g., housing benefits). Grants received from government departments are set out in Note 5 Taxation and Grant Income.

### Officers

- J Carswell, an employee of the Authority, is married to the Executive Director of London & Quadrant Housing Association. An amount of £31,341.44 was paid to the organisation from the Authority during the year.
- T Dorling, an employee of the Authority, is a Managing Director of D G Cities Limited and Director and CEO of DG Connect Ltd. See note below.
- K Scotford, an employee of the Authority, is Non-Executive Director on the board of Greenwich Service Plus. See note below.
- M Armstrong, an employee of the Authority, is seconded full time to support the senior management and financial strategies of Greenwich Service Plus and Greenwich Service Solutions Ltd. Please see note below.
- M Bakalovic an employee of the Authority, is the Managing director of Greenwich Service Plus and Greenwich Service Solutions Ltd, both owned by the council and provide services to RBG residents. Please see note below

- M Rankin, an employee of the Authority sits on the board of Directors of Digital Greenwich Connect Ltd, a joint venture company in which DG Cities Ltd (a council owned company) has 50% ownership. Please see note below.

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2023/24 is shown in Note 29.

- Councillor M Hartley, acting in a personal capacity, was a Vice President and Director of Greenwich and Bexley Credit Union from 01/04/2023 to 15/08/2023. Payments for investments on behalf of members were paid over from the Authority to the amount of £1,354,680 during the year, this includes £461,131 paid during Cllr. Hartley's time in office.
- Councillor L Bird is chair of board of Directors of East Greenwich Bridge CIC, an amount of £57,242 was paid to the organisation during the year.
- Councillor A Khaireh, employed at the Greenwich Islamic Centre, an amount of £42,180 was paid to the organisation during the year.

Some Members of the Authority are nominated to the board of local organisations as Authority Appointed Members and have declarable transactions not listed above, as follows:

<b>Name of Organisation</b>	<b>Councillor(s) (for part or all of the financial year)</b>	<b>Value of Transactions £</b>	<b>Outstanding Balances £</b>
Charlton Triangle Homes	Councillor Jo van den Broek (Member) Councillor Lakshan Saldin (Member)	303,243	0
Royal Borough of Greenwich Destination Management Company	Councillor Jo van den Broek (Member)	See note below	See note below
DG Cities Limited	Councillor C Mulligan (Member) Councillor N Williams (Member) Councillor S Thomas (Member)	See note below	See note below
Eltham Crematorium Joint Committee	Councillor A Khaireh (Deputy) Councillor D Scott McDonald (Member) Councillor A Lekau (Deputy) Councillor M Lolava (Deputy) Councillor M Morrow (Deputy) Councillor A Okereke (Deputy) Councillor A Cousins (Deputy) Councillor A Smith (Deputy) Councillor P Slattery (Deputy) Councillor M Williams (Member)	See note below	See note below

Eltham United Charities	Councillor L Bird (Member) Councillor S Backon (Member)	0	0
Greenwich Dance Agency	Councillor Linda Bird (Member)	3,135	0
Greenwich & Docklands International Festival	Councillor G Dillon (Member)	141,150	0
Greenwich Development Corporation	Councillor J Fahy (Member) Councillor S Thomas (Member)	1,266,830	50,775
Greenwich Housing Rights	Councillor C Burke-McDonald (Member)	145,500	0
Greenwich Leisure Ltd	Councillor J Smith (Member) Councillor G Dillon (Deputy) Councillor J Ranabhat (Member) Councillor S Littlewood (Trustee) Councillor S Thomas (Member)	7,703,619	1,169,280
Greenwich Millennium Village Management Ltd	Councillor D Scott MacDonald (Deputy) Councillor D Gardner (Member)	2,000	0
Greenwich Services Plus	Councillor S Merrill (Member)	See note below	See note below
Greenwich Service Solutions	Councillor C Lloyd (Member)	See note below	See note below
Greenwich Theatre Board	Councillor N Asghar (Member) Councillor M R Cottell (Member)	0	0
Greenwich Winter Night Shelter	Councillor L Saldin (Trustee)	20,830	0
Lee Valley Regional Park Authority	Councillor D Gardner (Member)	217,756	0
LGA General Assembly	Councillor A Okereke (Member) Councillor L Olugbemi (Member) Councillor O McGahey (Member)	46,914	0
Local Government Information Unit	Councillor A Smith (Member) Councillor D Gardner (Member)	25,958	0
London Councils	Councillor A Okereke (Member) Councillor A Khaireh (Member/Deputy) Councillor D Gardner (member) Councillor D Hyland (Member) Councillor Aidan Smith (Deputy) Councillor A Lekau (Member)	51,500	0
Long Lane Football Club	Councillor O McGahey (Committee Member)	200	0
Meridian Home Start Ltd	Councillor L Fletcher (Observer)	6,890,356	0
Middle Park Community Centre	Councillor R Taggart-Ryan (Member) Councillor C May (Member)	93,146	10
New Charlton Community Centre	Councillor Asli Mohammed (Member)	0	0

Oxleas Foundation	Councillor D Scott MacDonald (Member)	11,461,076	11,120
Plumstead Alms houses	Councillor J Ranabhat (Member) Patricia Slattery (Trustee)	19,180	888
Plumstead Make Merry	Councillor Issy Cooke (Member)	0	0
Royal Greenwich Heritage Trust	Councillor J Van den Broek (Member) Councillor L Saldin (Member) Councillor N Fletcher (Trustee) Councillor D Hyland (president)	See note below	See note below
Roots for life	Councillor D Gardner (Trustee)	76,842	2,772
Samuel Montague Youth Centre	Councillor O McGahey (Trustee)	40,036	
Southeast London Combined Heat and Power Company (SELCHP)	Councillor A Smith (Member)	8,464,498	0
Southeast Enterprise	Councillor M Rahman (Member)	2,204	0
Tram shed Arts	Councillor J smith (member)	313,245	37,033
Woodlands Farm Trust	Councillor D Thorpe (Member)	0	0
Woolwich Creative District Trust (Woolwich Works)	Councillor D Sullivan (Member) Councillor M Williams (Member) Councillor J Smith (Member)	2,518	0

## **Other Public Bodies**

The Authority has entered into a pooled budget agreement with Oxleas NHS Foundation Trust as outlined in Note 26.

### **Eltham Crematorium**

The Authority runs the Eltham Crematorium under a joint committee arrangement with the London Borough of Bexley and Dartford Borough Council.

<b>2022/23</b>	<b>Eltham Crematorium Transactions</b>	<b>2023/24</b>
<b>£000</b>		<b>£000</b>
1,096	Amounts held in Royal Borough of Greenwich bank account	1199
707	Annual Support Service Cost	791
208	Surplus Distribution	216

## Pension Fund

The Royal Borough of Greenwich is the Administering Authority for the Royal Borough of Greenwich Pension Fund.

2022/23 £000	Pension Fund Transactions	2023/24 £000
980	Annual Support Service Cost	1,148
33,090	Employer Contributions into the Fund	35,850

## Entities Controlled or Significantly Influenced by the Authority

### Greenwich Service Solutions Limited (GSS) – subsidiary

Established in 2008 with a share capital of one hundred £1 shares, GSS main activity is operating a Recruitment Agency securing sustainable employment for local people.

### Greenwich Service Plus Limited (GSP) – subsidiary

Established in 2009, limited by guarantee, GSP is a Teckal company undertaking activities including:

- Catering
- Fleet Management and Maintenance
- Passenger Services
- Building Cleaning
- Facilities Management.

### D G Cities Limited. – subsidiary

Formed in 2015 with a share capital of one hundred £1 shares, DG Cities Ltd is a wholly owned Council company. The company was established to advance the Council's work on the digital economy, smart city innovation, and secure innovation funding for the Borough.

Transactions during the year included payments to DG Cities Ltd from RBG for reimbursement of costs in delivery of the Gateway Driverless Car Project. The cost to RBG will be negated with funding provided by Innovate UK.

DG Cities continues to operate a Joint Venture with full-fibre provider ITS Technology Group. The company, Digital Greenwich Connect Ltd, has been incorporated to design, build, maintain and commercialise a 21 km full-fibre, gigabit-capable network infrastructure.

#### Royal Borough of Greenwich Destination Management Company (RBGDMC) – associate

Established in 2013, RBGDMC is a community interest company, which was formed between six parties:

- Royal Borough of Greenwich
- Greenwich Hospital
- AnSCO Arena Limited
- Enderby Wharf Limited
- Greenwich Trading Company Limited
- National Maritime Museum.

The Board has capacity for thirteen directors, with the authority appointing two, each other member appointing one and six to be appointed by those seven directors.

Its main objectives are to promote tourism and investment into the Royal Borough, and contribute to enhancing perceptions of the Royal Borough of Greenwich as a place to visit, live, work and study.

#### Royal Greenwich Heritage Trust (RGHT) - associate

Established in 2014, RGHT is a Charitable Incorporated Organisation. The Board has capacity for thirteen trustees, with the authority appointing two. A formal Transfer Agreement between the authority and RGHT included Charlton House, the Greenwich Heritage Centre & the Tudor Barn in Eltham.

RGHT will act in the role of custodian for certain borough memorials and includes as its key charitable objectives:

- Care and conservation of assets
- Education concerning the history of the Royal Borough.

## Related Party Transactions of Entities Controlled or Significantly Influenced by the Authority

2022/23				Transactions	2023/24			
Payable £000	Creditor £000	Receivable £000	Debtor £000		Payable £000	Creditor £000	Receivable £000	Debtor £000
0	0	0	0	GSS	(0)	0	0	0
(20,560)	(2,049)	745	4,275	GSP	(18,883)	(2828)	1,517	3,823
(596)	0	3	0	D G CITIES	(692)	0	0	0
(327)	0	2	0	Visit Greenwich	(348)	0	0	0
(77)	0	39	0	RGHT	(535)	0	30	3

## Note 29 - Members' Allowances

The Authority paid the following amounts to members of the Authority during the year.

Members Allowances	2022/23 £	2023/24 £
Allowances	1,021,319	1,038,408

## Note 30 - Officers' Remuneration

### Senior Employees

The remuneration paid to the Authority's senior employees is as follows:

Post Title	Name	Year	Salary, Fees and Allowances £	Compensation for loss of office £	Pension Contributions £	Totals £
Chief Executive	D Warren	2023/24	219,656		40,636	260,292
		2022/23	208,907		38,648	247,555
Director of Health and Adult's Services	S McClinton	2023/24	202,473		37,458	239,931
		2022/23	196,870		36,421	233,291
Director of Children's Services	F Kroll	2023/24	173,833		32,159	205,992

		2022/23	162,420	30,048	192,468
Director of Regeneration, Enterprise and Skills	P Hack	2023/24	173,833	32,159	205,992
		2022/23	162,420	30,048	192,468
Director of Finance (Section 151 Officer)	D Cook	2023/24	173,833	32,159	205,992
		2022/23	162,420	30,048	192,468
Director of Communities, Environment and Central	M Bakalovic	2023/24	173,833	32,159	205,992
		2022/23	162,420	30,048	192,468
Director of Housing and Safer Communities	J Carswell	2023/24	162,185	30,004	192,189
		2022/23	151,352	28,000	179,352
Director of Legal and HR (Monitoring Officer)*		2023/24	67,468	12,478	79,946
		2022/23	145,817	26,976	172,793
Director of Legal (Acting Up)**		2023/24	82,679	9,335	92,014

\* Postholder last day of service 05/09/23

\*\* Postholder acted up into role from 06/09/23

### Officer Bandings

The Authority's employees receiving more than £50,000 remuneration for the year, excluding the senior officers listed above (but excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2022/23	2023/24
	No of employees	No of employees
£50,000 - £54,999	359**	436
£55,000 - £59,999	223	298*
£60,000 - £64,999	217	187*
£65,000 - £69,999	111*	161*
£70,000 - £74,999	47*	98*
£75,000 - £79,999	31	35
£80,000 - £84,999	39*	37*
£85,000 - £89,999	30*	37*
£90,000 - £94,999	10	22*
£95,000 - £99,999	17*	10
£100,000 - £104,999	9*	14*
£105,000 - £109,999	7	11*
£110,000 - £114,999	5	10
£115,000 - £119,999	6	6*
£120,000 - £124,999	2	5



£125,000 - £129,999	3*	3
£130,000 - £134,999	3	1
£135,000 - £139,999	3	2
£140,000 - £144,999	0	0
£145,000 - £149,999	0	1
£150,000 - £154,999	0	1
£155,000 - £159,999	0	0
£160,000 - £164,999	1	0
£165,000 - £169,999	0	0
£170,000 - £174,999	0	1

\* includes amounts payable in respect of compensation for loss of office.

## Termination Benefits

A number of employee contracts have been terminated. Amounts contained within the Accounts relating to their remuneration by way of redundancy / other payments made are shown below. An element relating to pension fund strain is also recorded within the figures. The strain is calculated under IAS19, but the amounts actually payable by the Authority to the relevant pension fund are calculated separately and are on a different basis. The vast majority of the strain is taken into account at each triennial valuation - totals within the bandings below for the year include £0.504m relating to pension strain (£1.246m in 2022/23). The numbers of exit packages with total value per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Package Cost Band	Compulsory Redundancies		Other Departures Agreed		Total Exit Packages by Cost Band		Total Cost of Exit Packages in each Band	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
	No	No	No	No	No	No	£	£
£0 - £20,000	22	9	11	14	33	23	£169,205	171,160
£20,001 - £40,000	3	3	9	7	12	10	£351,188	286,189
£40,001 - £60,000	0	2	2	6	2	8	£107,090	376,307
£60,001 - £80,000	2	1	2	1	4	2	£279,487	133,827
£80,001 - £100,000	0	1	1	3	1	4	£85,400	345,665
£100,001 - £150,000	0	0	4	1	4	1	£475,230	106,583
Above £150,000	0	0	4	1	4	1	£917,232	189,142
<b>Total</b>	<b>27</b>	<b>16</b>	<b>33</b>	<b>33</b>	<b>60</b>	<b>49</b>	<b>£2,384,832</b>	<b>£1,608,873</b>

## Note 31 - Contingent Liabilities

As at 31 March 2024, the Authority had no material contingent liabilities.

## Note 32 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The accounts contain estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's balance sheet at 31 March 2024 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Effect if actual results differ from assumptions												
	Other Land and Building assets are re-valued regularly, and at intervals of not less than 5 years, to ensure that their carrying amount is not materially different from their current value.													
	Where assets are not revalued in-year there is a risk that the carrying value may be materially misstated. A desktop review is undertaken to apply percentage uplifts to these asset values to assess the likely movement in values and whether these are material.	At the balance sheet date the carrying value of assets held at Current Value was £2,802.603m (£2,891.760m 2022/23).												
Current Value Estimations	Council dwellings held within the HRA are valued using the beacon methodology every 5 years. These valuations are adjusted annually using a local, market-based indexation factor.													
	The beacon methodology relies on similar movements in individual asset values between beacon years and comparable maintenance and management.													
	Assets are valued as Existing Use Value – Social Housing using an adjustment factor of 25%.													
		<table border="1"> <thead> <tr> <th>Category</th> <th>Carrying Value £000</th> <th>1% Change £000</th> </tr> </thead> <tbody> <tr> <td>Dwellings</td> <td>1,541,384</td> <td>15,414</td> </tr> <tr> <td>Other Land and Buildings</td> <td>1,261,219</td> <td>12,612</td> </tr> <tr> <td><b>Total</b></td> <td><b>2,802,603</b></td> <td><b>28,026</b></td> </tr> </tbody> </table>	Category	Carrying Value £000	1% Change £000	Dwellings	1,541,384	15,414	Other Land and Buildings	1,261,219	12,612	<b>Total</b>	<b>2,802,603</b>	<b>28,026</b>
Category	Carrying Value £000	1% Change £000												
Dwellings	1,541,384	15,414												
Other Land and Buildings	1,261,219	12,612												
<b>Total</b>	<b>2,802,603</b>	<b>28,026</b>												
Fair Value Estimations	When the fair values of surplus assets, investment properties and assets held for sale cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques. Where possible,	The Authority primarily uses evidence of property transactions and market interest in properties not yet transacted to measure the fair value of its surplus assets, investment properties and assets held for sale. The significant unobservable inputs												

the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Authority's assets.

Where Level 1 inputs are not available, the Authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.

used in the fair value measurement include judgements made by valuers on how to apply such evidence.

Significant changes in any of the unobservable inputs would result in a lower or higher fair value measurement. The impact of a 1% change in valuations is set out below:

Category	Carrying Value £000	1% Change £000
Assets Held for Sale	25,989	260
Investment Properties	4,166	42
Surplus Assets	20,046	200

Estimation of the net liability to pay pensions depends on a number of complex judgements, including those relating to:

Pension Liability

- the discount rate used
- the rate at which salaries are projected to increase
- the rate at which pensions are projected to increase
- longevity rates.

The effect upon the net pensions liability of changes in individual assumptions can be measured and these are disclosed within note 19. If their longevity was actually more representative of someone that was one year older, liabilities would increase by £71m (decrease by £67m if one year younger). If discount rates decrease by 0.1%, then the net pensions liability would have increase by £24m compared to that calculated herein. However, the assumptions interact in complex ways and during 2023/24, the actuaries advised that, overall, the net pensions liability had decreased by £108m as a result of updating estimates to reflect current market conditions.

The Council own 87.82% of the assets in the RBG Pension Fund, Below provides a breakdown of the different level 3 investment

Pension Fund

**Diversified alternative**

Renewable Infrastructure, Private Debt, diversified alternative & Property- Unit trust

Diversified Alternative investment are valued using a variety of methods and makes assumptions that are not always supported by observable market prices or rates. These investments are not publicly listed and as such, there is a degree of estimate involved in the valuation.

**Renewable Infrastructure**

Infrastructure investments are valued using best practices prevailing within the investment management industry to determine each underlying investment's fair market value.

The total value of the Councils Level 3 investment in Diversified Alternatives is £90.09m. There is a risk that the investment may be under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 13.7% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/-£12.34m

The total value of Level 3 investment in LCIV renewable infrastructure is £20.83m. There is a risk that the investment may be under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 4.8% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/-£1m

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These valuations are validated by third party independent appraisal firms.

**Private Debt**

Private debt investments are valued at fair value in accordance with industry guidelines, based on the fund manager valuations as at the end of the reporting period.

These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

**Property- Unit trust**

The Funds are valued at the fair values provided by the administrators of the underlying funds. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation.

The total value of Level 3 investment in LCIV Private Debt is £58.30m. There is a risk that the investment may be under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 5.4% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/- £3.15m.

The total value of Level 3 investment in CBRE property unit trusts is £26.85m. There is a risk that the investment may be under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 7.0% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/- £1.88m

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PFI / Finance Leases

These arrangements have an implied finance lease within the agreement which (on a constant basis) has been used to calculate future payments disclosed within the accounts.

Financial modelling for the Councils two PFI contracts assumes a base inflation rate of 2.5% for the indexed elements of the Unitary Charge.

The PFI arrangements are inherently long term in nature. Fluctuations in the inflation indexation could result in future payments being higher than presented.

A 1% increase in RPIx would increase the service operational cost by £0.216m in 2024/25 and £15,182m over the remaining life of the contracts.

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Property Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic environment makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to the assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £4.07m for every year that useful lives had to be reduced.

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## Note 33 - Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the new or amended standards within the 2023/24 Code. New or amended standards contained in the 2023/24 code that will apply from 1<sup>st</sup> April 2024 or after are:

### Amendments to

**IFRS 16 Leases** - Supersedes IFRS 17 and no longer distinguishes between financing and operating leases, requiring that a right-of-use asset be recognised for all leases (there are exemptions for short-term and low value leases). In light of the outbreak of Covid-19 and delays to public sector audits CIPFA/LASAAC announced a further deferral to the adoption of IFRS 16 to accounting periods commencing on or after 1 April 2024.

IFRS 16 will mainly impact property the council currently holds under operating leases. The council will recognise every lease on the balance sheet as a right-of-use asset, subject to de minimis levels and exemptions. Future payments will appear as liabilities and the subject of the lease reflected as an asset. Sub-leased assets will see rental receipts recognised as capital income. The total amount of future payments will be shown as a liability, while the subject of the lease, i.e. property or equipment, will be shown as an asset.

Recognising more lease liabilities and remeasuring existing ones for longer lease terms and rent reviews will increase levels of debt. Whilst IFRS 16 led changes will have no impact on the Council's cash position, recognising additional assets will result in an increase to the capital financing requirement from 24/25.

- Recognition of future cash flows for contingent rental elements on existing finance leases continues to be under review.
- Rental Income derived from sub-leased properties will be recognised as a capital receipt and not revenue. The impact of this change arising from the new leasing standard on leases in place at 31 March 2024 will be reviewed in due course.
- An initial review of the Councils Contract Register has been undertaken to identify any embedded lease liabilities and risk areas for further investigation.

**IAS 8 Definition of Accounting Estimates** – Issued in February 2021 to help entities to distinguish between accounting policies and accounting estimates. The impact is presentational and does not have a financial impact upon the accounts.

**IAS 1 and (IFRS Practice Statement 2) Definition of Accounting Estimates** – Issued in February 2021, the amendments to IAS 1 requires the disclose their material accounting policy information rather than significant accounting policies. The amendments to IFRS Practice Statement 2 provides guidance on the application of concept of materiality to accounting policy disclosures.

**IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction** – Issued in May 2021 and anticipated to have limited application to local authorities.

## Note 34 - Critical Judgements in Applying Accounting Policies

Significant judgements are made by management in applying accounting policies, which could have a material effect upon the accounts.

### Group Boundaries

The group boundaries have been estimated using the criteria associated with the Code. In line with this, the Authority has identified three subsidiaries and two associates. The authority has deemed that the activities of these entities are not sufficient to produce full group accounts.

#### PFI and Similar Contracts

The authority is deemed to control the services provided under the outsourcing agreement for the social care provision at three residential homes and also to controls the residual value of the assets at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the assets (valued at £30.6m) are recognised as property, plant and equipment on the authority's Balance Sheet.

The authority is also deemed to control the services provided under the outsourcing agreement for the facilities management of two schools. Since entering into the PFI contract one school, Stationers' Crown Woods Academy, converted to academy status, the Council therefore controls the residual value of one school, Thomas Tallis, at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the asset (valued at £137.8m) is recognised as property, plant and equipment on the authority's Balance Sheet.

### **Note 35 - Material Items of Income and Expense**

There are no material items that have not been disclosed on the face of the Comprehensive Income and Expenditure Statement or elsewhere within the Accounts.

### **Note 36 - Events after the Reporting Period**

The Statement of Accounts was authorised for issue by the S151 Officer on 11 July 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There were no adjusting events taking place between the reporting period end and the authorised for issue date.

## Collection Fund Statement

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statements show the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and business rates.

Income and Expenditure Account	Note	Council Tax £000	Business Rates £000	Total 31/03/23 £000	Council Tax £000	Business Rates £000	Total 31/03/24 £000
<b>Income</b>							
Council Tax Income	4	(152,114)	0	(152,114)	(162,196)	0	(162,196)
Business Rates Receivable	5	0	(86,711)	(86,711)	0	(94,249)	(94,249)
Business Rates Supplement	6	0	(2,576)	(2,576)	0	(2,666)	(2,666)
Business Rates Transitional Payments		0	(409)	(409)	0	9,733	9,733
<b>Total Income</b>		<b>(152,114)</b>	<b>(89,696)</b>	<b>(241,810)</b>	<b>(162,196)</b>	<b>(87,182)</b>	<b>(249,378)</b>
<b>Expenditure</b>							
<b><u>Precepts and Demands</u></b>							
<u>Council Tax</u>							
Royal Borough of Greenwich		110,031	0	110,031	118,306	0	118,306
Greater London Authority		33,109	0	33,109	37,211	0	37,211
<u>Business Rates</u>							
Royal Borough of Greenwich		0	21,287	21,287	0	28,488	28,488
Greater London Authority		0	26,253	26,253	0	35,135	35,135
Central Government		0	23,415	23,415	0	31,337	31,337
Business Rates Supplement	6	0	2,570	2,570	0	2,660	2,660
<b>Previous Year's Surplus/(Deficit)</b>							
Council Tax	7	0	0	0	6,802	0	6,802
Business Rates	7	0	(21,364)	(21,364)	0	20,881	20,881
<b>Collection Fund Charges</b>							
Council Tax bad debts	8	2,478	0	2,478	5,553	0	5,553
Business Rates bad debts	9	0	(289)	(289)	0	2,482	2,482
Business Rates appeals	10	0	476	476	0	11,509	11,509
Business Rates Interest to Ratepayers		0	0	0	0	47	47
Business Rates cost of collection		0	304	304	0	319	319
Business Rates Supplement cost of collection	6	0	6	6	0	6	6

Business Rates transitional payments	0	409	409	0	(9,733)	(9,733)
<b>Total Expenditure</b>	<b>145,618</b>	<b>53,067</b>	<b>198,685</b>	<b>167,872</b>	<b>123,131</b>	<b>291,004</b>
<b>(Surplus) / Deficit for Year</b>	<b>(6,496)</b>	<b>(36,628)</b>	<b>(43,125)</b>	<b>5,676</b>	<b>35,949</b>	<b>41,625</b>

<b>Fund Statement (£000)</b>	<b>Note</b>	<b>Council Tax</b>	<b>Business Rates</b>	<b>Total</b>	<b>Council Tax</b>	<b>Business Rates</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>31/03/23</b>	<b>£</b>	<b>£</b>	<b>31/03/24</b>
				<b>£</b>			<b>£</b>
<b>Fund Balance B/F</b>		<b>(6,803)</b>	<b>10,914</b>	<b>4,111</b>	<b>(13,299)</b>	<b>(25,714)</b>	<b>(39,013)</b>
(Surplus) / Deficit for Year		(6,496)	(36,628)	(43,125)	5,676	35,949	41,625
<b>Fund Balance C/F</b>	11	<b>(13,299)</b>	<b>(25,714)</b>	<b>(39,013)</b>	<b>(7,623)</b>	<b>10,235</b>	<b>2,612</b>

### Note 1 - The Council Tax System

The council tax is the means of raising income from local residents to pay for services within the Royal Borough. The council tax is levied on domestic properties and the charge is based on the valuation band assessed for each dwelling. The Valuation Office has appointed a Listing Officer for the Royal Borough who is responsible for property valuations, valuation registers and appeals. Council tax collected in the Borough is split between relevant preceptors, the Borough (76%) and the GLA (24%).

### Note 2 - The Business Rates System

The business rate is the means of raising income from local businesses to pay for services within the Royal Borough. The business rate is levied on non-domestic properties and the charge is based on the valuation band assessed for each premises. The Valuation Office has appointed a Listing Officer for the Royal Borough who is responsible for property valuations, valuation registers and appeals.

### Note 3 - Accounting Policies

The Collection Fund Income and Expenditure Account is prepared on an accruals basis and complies with appropriate regulations and the Code of Practice on Local Authority Accounting. The transactions of the Collection Fund are wholly prescribed by legislation. The year-end surplus or deficit on the Collection Fund is apportioned between the relevant interested parties.



## Note 4 - Council Tax Income

In 2023/24 the Royal Borough set a band D tax of £1,814.23 (£1,710.09 in 2022/23). These charges are before any appropriate discounts. The charge for each band is a ratio of band D. The 2023/24 charges were:

Band	Ratio to Band D	Council Tax	
		2022/23 £	2023/24 £
A	6/9	1,140.06	1,209.49
B	7/9	1,330.07	1,411.06
C	8/9	1,520.08	1,612.65
D	1	1,710.09	1,814.23
E	11/9	2,090.11	2,217.40
F	13/9	2,470.13	2,620.55
G	15/9	2,850.15	3,023.72
H	18/9	3,420.18	3,628.46

The Royal Borough's taxbase, which is used in the tax calculation, is based on the number of dwellings in each band on the listing produced by the Listing Officer. This is adjusted for exemptions, discounts, disabled banding changes and appeals. The taxbase estimate for 2023/24 was 85,713 (83,696 in 2022/23) as calculated below.

2022/23		2023/24				
Band D Equivalent	Band	Dwellings Per Valuation List	Adjustment For Disabled Banding Appeals, Discounts and Exemptions	Revised Dwellings	Ratio to Band D	Band D Equivalent
(1)	A (Disabled)	0	(2)	(2)	5/9	(1)
4,135	A	10,982	(4,702)	6,280	6/9	4,187
11,111	B	22,080	(7,287)	14,793	7/9	11,506
29,956	C	44,527	(9,714)	34,813	8/9	30,944
21,002	D	26,197	(4,700)	21,497	1	21,497
13,089	E	12,526	(1,685)	10,841	11/9	13,250
5,085	F	3,893	(356)	3,537	13/9	5,109

3,510	G	2,263	(136)	2,127	15/9	3,545
647	H	350	(35)	315	18/9	630
<b>88,534</b>	<b>Total</b>	<b>122,818</b>	<b>(28,617)</b>	<b>94,201</b>		<b>90,667</b>
(5,090)	less Allowance for Non Collection					(5,213)
252	plus Adjustment for Armed Forces Dwellings					259
<b>83,696</b>	<b>Royal Borough Tax Base</b>					<b>85,713</b>

Based on the estimated tax base of 85,713 an income yield for 2023/24 of £155.5m (£143.1m in 2022/23) was anticipated. The actual taxbase was equivalent to 89,402 (88,951 in 2022/23) including backdated transactions and the equivalent yield was £162.2m (£152.1m in 2022/23).

### Note 5 - Business Rate Income

<b>Business Rate Income</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Debits Raised	124,328	109,938
Relief and Exemption granted	(34,633)	(22,756)
<b>Total Collectable</b>	<b>89,696</b>	<b>87,182</b>

The Business Rate Multiplier is set nationally and for 2023/24 was 51.2p (51.2p in 2022/23). The total rateable value for non-domestic rated property in the Royal Borough for 2023/24 was £266.8m (£247.1m in 2022/23).

### Note 6 - Business Rates Supplement

In April 2010, a levy of 2p on non-domestic properties with a rateable value of over £55,000 in London was introduced. From April 2017, the threshold applicable to the levy was increased to properties with a rateable value of over £70,000 and this was increased once again to £75,000 from April 2023. This is paid to the GLA and helps to finance Crossrail.

### Note 7 - Collection Fund apportionment of surplus

There was a council tax surplus of £6.802m was distributed in 2023/24; RBG £5.229m / GLA £1.573m (no council tax surplus distributed in 2022/23). There was a business rate surplus of £20.881m distributed in 2023/24; Central Government £6.891m / RBG £6.264m / GLA £7.726m (a deficit of £21.364m was recovered in 2022/23; Central Government £7.050m / RBG £6.409m / GLA £7.905m).

## Note 8 - Provision for Irrecoverable Council Tax Debts

Contributions are made from the Collection Fund Income and Expenditure Account to a provision for bad debts. During 2023/24, £5.553m (£2.478m in 2022/23) was contributed to the council tax bad debt provision and £0.577m of irrecoverable debts were written off in year (£0.208m in 2022/23).

## Note 9 - Provision for Irrecoverable Business Rates Debts

Adjustments are made from the Collection Fund Income and Expenditure Account to a provision for bad debts. During 2023/24 a contribution of £2.482m was made to the business rates bad debt provision (£0.289m was released from the provision in 2022/23). There was £1.117m of irrecoverable debts written off in 2023/24 (no debts were written off in 2022/23).

## Note 10 - Provision for Business Rates Appeals

Contributions are made from the Collection Fund Income and Expenditure Account to a provision for business rate appeals. The provision was calculated on the basis of outstanding appeals at 31 March 2024 as supplied by the Valuation Office. The percentage of appeals that are likely to be successful and the percentage reduction in rateable value on successful appeals were estimated based on historical trends. During 2023/24 a net contribution of £11.509m (£0.476m in 2022/23) was made to the provision.

## Note 11 - Collection Fund Position

### Council Tax Surplus

The balance on the Fund for council tax at 31 March 2024 is £7.622m. Of this sum, £1.830m is the GLA's share of the Collection Fund and is shown as a creditor in the Authority's Balance Sheet. The balance of £5.792m is the Royal Borough's share of the Collection Fund. The council tax balance will be taken into account in future budget setting processes.

### Business Rates Deficit

The balance on the Fund for Business Rates at 31 March 2024 is a deficit of £10.235m. Of this sum £3.787m is the GLA's share and £3.378m is the Government share. The remaining £3.070m is the balance in the Collection Fund.

## Housing Revenue Account

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

2022/23 £000	HRA Income and Expenditure Statement	2023/24 £000
	<u>Expenditure</u>	
25,746	Repairs and Maintenance	41,563
57,263	Supervision and Management	52,088
1,917	Rent, Rates, Taxes and Other Charges	1,714
40,765	Depreciation, Impairments and Revaluation Losses in relation to Non-current Assets	122,992
103	Debt Management Costs	120
957	Movement in the allowance for bad debts (not specified by code)	174
<b>126,751</b>	<b>Total Expenditure</b>	<b>218,650</b>
	<u>Income</u>	
(100,782)	Dwelling Rents	(109,235)
(3,141)	Non Dwelling Rents	(3,243)
(20,071)	Charges for services and facilities	(22,763)
(682)	Contribution towards expenditure	(653)
<b>(124,676)</b>	<b>Total Income</b>	<b>(135,895)</b>
<b>2,075</b>	<b>Net (Income)/Expenditure of HRA Services</b>	<b>82,755</b>
	<u>HRA share of the operating income and expenditure included in the whole Authority Comprehensive I&amp;E Statement</u>	
12,328	(Gain) or Loss on sale of HRA non-current Assets	(11,240)
13,730	Interest Payable and Similar Charges	13,796
(23,428)	Capital Grants and contributions receivable	(37,693)
0	Interest and Investment income	(32)
914	Net interest on the net defined benefit liability / (asset)	1,227
<b>5,619</b>	<b>(Surplus) / Deficit for the Year on HRA Services</b>	<b>48,813</b>

2022/23 £000	Movement on the HRA Statement	2023/24 £000
<b>(16,670)</b>	<b>Balance on the HRA as at the end of the previous reporting period</b>	<b>(15,463)</b>
5,619	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	48,813
(4,412)	Adjustment between accounting basis and funding basis under statute	(43,187)
<b>1,207</b>	<b>(Increase) or decrease in year on the HRA</b>	<b>5,626</b>
<b>(15,463)</b>	<b>Balance on the HRA at the end of the current reporting period</b>	<b>(9,837)</b>

## Note 1 - Depreciation and Impairment

HRA Depreciation and Impairment	2022/23 £000	2023/24 £000
Dwellings	25,796	25,999
Other Land & Buildings	722	705
Surplus	6	0
<b>Total Depreciation</b>	<b>26,524</b>	<b>26,704</b>
<b>Impairment and Revaluation Losses</b>	<b>16,498</b>	<b>100,829</b>

HRA valuations were reviewed at 31st March 2024. The valuations are based on Stock Valuation for Resource Accounting, a guide issued by DLUHC. This guide incorporates a factor to recognise the specific nature of valuing social housing. This factor, which reduces the assessed value, has remained at 25%.

## Note 2 - Housing Stock

The Council was responsible for managing 20,310 owned dwellings as at 31 March 2024. The property is analysed below:

Analysis of HRA Dwellings at 31 March 2023	1 Bed	2 Beds	3 & more	Total
Low rise flats in blocks up to 2 storeys	1,330	975	331	2,636
Medium rise flats in blocks of 3-5 storeys	3,578	3,042	1,332	7,952
High rise flats in blocks of 6 or more storeys	1,448	1,556	211	3,215
Houses and bungalows	245	1,185	5,064	6,494
Multi occupied dwellings				13
<b>Total</b>				<b>20,310</b>

The movement in the stock numbers includes the loss of 78 properties through Right to Buy disposals (161 in 2022/23) in accordance with the Housing Act 1985.

HRA valuations were undertaken as at 31 March 2024.

<b>31 March 2023</b>	<b>Balance Sheet Valuation of HRA Assets</b>	<b>31 March 2024</b>
<b>£000</b>		<b>£000</b>
1,599,897	Dwellings	1,541,384
107,159	Property Plant and Equipment – Other	219,743
0	Assets Held For Sale	225
<b>1,707,056</b>	<b>Total</b>	<b>1,761,352</b>

The Vacant Possession Value is the Authority's Fair Value estimate if all dwellings were sold on the open market. The balance sheet value is calculated on the basis of rents receivable on existing tenancies. These are less than the rent that would be obtainable on the open market, and the balance sheet value is therefore lower than the Vacant Possession Valuation. The difference between the two values therefore shows the economic cost of providing housing at less than market value.

<b>1 April 2022</b>	<b>Vacant Possession Value</b>	<b>1 April 2023</b>
<b>£000</b>		<b>£000</b>
6,349,804	Total	6,165,536

### Note 3 - Major Repairs Reserve

<b>2022/23</b>	<b>Major Repairs Reserve</b>	<b>2023/24</b>
<b>£000</b>		<b>£000</b>
(6,748)	<b>Balance as at 1 April</b>	<b>(6,748)</b>
(26,524)	Depreciation for the year	(26,704)
0	Other contributions from revenue	0
26,524	Financing of Capital Expenditure for year	33,452
<b>(6,748)</b>	<b>Balance as at 31 March</b>	<b>0</b>

## Note 4 – Capital Financing

2022/23 £000	HRA Capital Expenditure	2023/24 £000
107,080	Houses	226,005
0	Other Property	158
<b>107,080</b>	<b>Total</b>	<b>226,163</b>
	<b>Financed By:</b>	
58,388	Capital Receipts	52,142
26,524	Major Repairs Reserve	33,452
	Prudential Borrowing	78,243
18,656	Other Grants	49,614
3,512	Revenue	12,712
<b>107,080</b>	<b>Total</b>	<b>226,163</b>

## Note 5 - Rent and Service Charge Arrears

HRA rent and service charge arrears at 31 March 2024 totaled £12.149m. These arrears are charges due from tenants i.e. rent, service charges, heating and other charges. The HRA has been setting aside funds to meet irrecoverable debts in respect of such arrears. At 31st March 2024 the provision totaled £8.761m.

2022/23 £000	Arrears	2023/24 £000
4,770	Due from Current Tenants	7,089
6,569	Due from Former Tenants	5,060
<b>11,339</b>	<b>Total</b>	<b>12,149</b>

## Note 6 – Tenants Service Charges

From February 2017 the Authority agreed to introduce service charges for tenant's services and facilities that were previously pooled in the HRA.

**Independent Auditor’s Report to the Members of Royal Borough of Greenwich**

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Subject to Audit



## Royal Borough of Greenwich Pension Fund

2022/23 £000	Fund Account	Notes	2023/24 £000
	<u>Dealings with Members, Employers and Others directly involved in the Scheme</u>		
	Contributions Receivable:		
(42,462)	Employer Contributions	6	(45,956)
(15,867)	Member Contributions	6	(16,961)
(6,371)	Transfers in from Other Pension Funds	7	(4,345)
	Benefits:		
51,806	Pensions	8	57,894
14,003	Lump Sum & Death Benefits	8	15,215
5,401	Payments to and on account of Leavers	9	9,531
<b>6,510</b>	<b>Subtotal: Net (additions) / withdrawals from Dealings with Members</b>		<b>15,378</b>
5,715	Management Expenses	10a	5,767
<b>12,225</b>	<b>Subtotal: Net (additions)/withdrawals including fund management expenses</b>		<b>21,145</b>
	<u>Returns on Investment</u>		
(20,834)	Investment Income	11	(22,841)
59,659	(Profit) and Losses on disposal of Investments and Changes in Value of Investments		(104,724)
0	Taxes on Income	11a	35
<b>38,825</b>	<b>Net Returns on Investment</b>		<b>(127,530)</b>
<b>51,050</b>	<b>Net (increase) / decrease in the Net Assets available for Benefits during the year</b>		<b>(106,385)</b>

31 March 2023	Net Asset Statement	Notes	31 March 2024
£000			£000
	<u>Investment assets</u>		
	Pooled Investment Vehicles:		
731,971	Equities	14	802,181
301,924	Fixed Income	14	319,890
133,768	Property Unit Trusts	14	133,483
197,888	Multi Asset	14	199,000
18,813	Infrastructure	14&22	24,066
58,508	Private Debt	14&22	67,733
107,468	Diversified Alternative	14	102,581
1,180	Private Equity	14&22	838
5,700	Property - Freehold	3&14	5,945
22	Cash Deposits	19	6
16,367	Cash Equivalents	19	25,218
3,131	Other Investment Balances	18	3,199
	<u>Investment Liabilities</u>		
(919)	Other Investment Balances	18	(1,428)
<b>1,575,821</b>	<b>Net Investment Assets / (Liabilities)</b>		<b>1,682,712</b>
	<u>Current Assets</u>		
626	Contributions Due	18	5,134
605	Other Current Assets	18	645
8,753	Cash Balances	19	4,007
	<u>Current Liabilities</u>		
(717)	Unpaid Benefits	18	(759)
(823)	Other Current Liabilities	18	(1,089)
<b>8,444</b>	<b>Net Current Assets / (Liabilities)</b>		<b>7,938</b>
<b>1,584,265</b>	<b>Net Assets of the Scheme available to fund Benefits at the Period End</b>		<b>1,690,650</b>

The financial statements of the Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2024. The actuarial present value of promised retirement benefits is disclosed in note 17.

## Note 1 – Description of The Fund

The following description of the Fund is a summary only. For more detail, reference should be made to the Royal Borough of Greenwich Pension Fund Annual Report 2023/24 and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations.

### General

The Royal Borough of Greenwich Pension Fund (the “Fund”) is part of the Local Government Pension Scheme (LGPS) and is administered by the Royal Borough of Greenwich. It is a defined benefit pension scheme providing pensions and other benefits for employees of the Royal Borough of Greenwich and those organisations with admitted or scheduled body status within the Fund. The Fund is overseen by the Royal Borough of Greenwich Pension Investment and Administration Panel. The Fund is governed and administered in accordance with the Public Service Pensions Act 2013 and the following Local Government Pension Scheme Regulations:

- The LGPS Regulations 2013 (as amended)
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The LGPS (Management and Investment of Funds and Amendment) Regulations 2016

### Membership

All employees are able to join the pension scheme (except teachers). Those with a contract of employment of at least 3 months are contractually enrolled into the pension scheme on commencement of employment. Membership of the Fund is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the Fund include:

- **Administering Authority:** This is the Royal Borough of Greenwich (the “Authority”)
- **Scheduled Bodies:** Local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- **Admitted Bodies:** Other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. These include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There were 67 active employer organisations within the Fund as at 31 March 2024 (66 as at 31 March 2023). The following table summarises the composition of the registered membership of the Fund as at 31 March 2024.

Membership	Administering Authority		Admitted Bodies		Scheduled Bodies	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
Employees contributing into Fund	6,349	6,217	487	390	1,972	2,182
Pensioners / Dependents	7,341	7,607	332	325	521	606
Former Members entitled to Deferred Benefits	7,563	7,372	474	370	1,523	1,773
<b>Totals</b>	<b>21,253</b>	<b>21,196</b>	<b>1,293</b>	<b>1,085</b>	<b>4,016</b>	<b>4,561</b>

### Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year end 31 March 2024. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations.

### Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index. There are a range of other benefits provided under the scheme including early retirement, ill-health pensions and death benefits.

### Governance

The Royal Borough of Greenwich has delegated management of the Fund to the Pension Investment and Administration Panel. The Panel is made up of four committee members, each with voting rights. The Panel is responsible for agreeing an appropriate investment strategy, review and scrutiny of investment manager performance, quarterly account review and policy statement review. The Panel receives guidance, where appropriate, from the Fund's investment advisors, actuary and Fund managers. The Panel receives regular training in line with CIPFA's Knowledge and Skills Framework.

It is a requirement under the Public Service Pensions Act 2013 for LGPS funds to set up a Local Pension Board. The Royal Greenwich Pension Board is made up of two member representatives and two employer representatives who act in an overview and scrutiny role to ensure strong governance of the Fund. The Board also receives regular training under the CIPFA Knowledge and Skills Framework. The role and responsibilities of Board Members is set out in the 'Pension Board of the Royal Borough of Greenwich Terms of Reference', which is available on the Royal Borough of Greenwich website via the annual report.

### Investment Principles

Regulation 7(1) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 requires administering authorities to prepare an Investment Strategy Statement (ISS). The latest ISS was agreed by the Pension Fund Investment and Administration Panel on 24 July 2023 and is available on the Royal Borough of Greenwich website.

The Panel has delegated the day-to-day management of investments to external Investment Managers in line with their relevant mandates. The performance of the Investment Managers is reported on a quarterly basis by the Fund's Investment Advisors.

## **Note 2 – Basis of Preparation**

The Statement of Accounts (the “Accounts”) summarise the Fund’s transactions for the 2023/24 financial year and its position at year-end as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the “Code”) 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. 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 pension fund has opted to disclose this information in Note 17 of these accounts. The most recent actuarial valuation was carried out as at 31 March 2022 and determines the contribution rates for the next three years from 1 April 2023 with an aim to maintain the solvency of the Fund. Therefore, these accounts have been produced on a going concern basis.

Many values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.

## Note 3 – Summary of Significant Accounting Policies

### Fund Account – Revenue Recognition

#### Contributions

Both employer and member normal contributions are accounted for on an accruals basis. Member contributions rates are set in accordance with LGPS regulations using common percentage rate bandings, which rise in line with pensionable pay. Employer contributions are set at a percentage rate advised by the Fund's actuary as necessary to maintain the Funds solvency.

Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset.

#### Transfers to and from other schemes

Individual transfers to and from other schemes are accounted for on a cash basis at which point the related member liability transfers to the fund. Bulk transfers to/from the scheme are accounted for in accordance with the terms of the transfer agreement.

#### Investment Income

- a) 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 reflected within the net assets statement as "Other Investment Balances" and disclosed within the note on Debtors and Creditors.
- b) Some pooled investment vehicles within the portfolio are accumulation funds and as such, the change in market value also includes income, which is re-invested in the Fund. The market price for those units reflects this re-invested income. Non-accumulating units give rise to dividends.
- c) Freehold property gives rise to rental income. These amounts are recognised on a straight-line basis over the life of the operating lease.
- d) Private Equity distributions are split between their constituent elements i.e. dividend, interest, gain/loss or return of capital, as advised by the Fund manager.
- e) The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments.
- f) Diversified Alternatives have returned income, which have been recognised as dividend income in line with the structure of the mandate.
- g) Equalisation interest was received in 22/23, which has been recognised as interest within investment income.
- h) Interest is recognised as it accrues. Any interest due but not received at the end of the reporting period is accrued for and disclosed within the note on Debtors and Creditors.

## **Fund Account – Expense Items**

### **Benefits payable**

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net asset statement as current liabilities.

### **Taxation**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. Any recoverable amounts outstanding at the reporting period end will be classified as a debtor.

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

### **Lifetime Allowance**

The Fund may be asked by members to pay tax liabilities in relation to annual allowance and lifetime allowance direct to HMRC in exchange for a reduction in pension. These payments are treated as an in-year expense.

### **Management Expenses**

The Fund discloses its management expenses in accordance with the CIPFA guidance 'Accounting for Local Government Pension Scheme Management Expenses (2016)'. These expenses are charged to the Fund on an accruals basis under the headings below:

**Administrative Expenses** – Staff costs pertaining to the pensions administration team are charged direct to the Fund. Associated management, IT, rents and rates and other overheads are apportioned to financial administration and charged as expenses to the Fund on an annual basis.

**Oversight and Governance** – These costs include the selection, appointment, performance management and monitoring of external fund managers, investment advisory service costs, operation and support of the Pensions Panel and Board and other governance related costs.

**Investment Management Expenses** – Expenses incurred in relation to the management of pension fund assets and includes transaction costs, management fees,

performance fees and custody fees. Investment management fees, including those paid to the pool operator (London CIV) are calculated by reference to the market value of portfolio assets under management at the end of each month/quarter. The exceptions to this are Fidelity, where market value based fees are charged on a daily basis and Private Equity, Infrastructure and Private Debt fees, which are based upon amounts committed to each manager.

Where an investment manager's fee invoice 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.

## **Net Asset Statement**

### Financial Assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 14. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account. 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 (see Note 14). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

### Property

The Fund owns the freehold of one investment property – New Lydenburg Industrial Estate. The property was revalued as at 31 March 2024 at a value of £5.9m. Further details regarding the basis of valuation can be found in Note 14. Any surplus / deficit on valuation is reflected in the Fund Account and is shown as a change in market value of investments. The Fund receives £0.115m rental income per year in respect of this property.

### Foreign Currency

Where appropriate, investments held in foreign currencies have been valued on the relevant basis and translated into Sterling at the rate ruling on 31 March 2024.



### Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than a three-month period from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### Financial Liabilities

The Fund recognises financial liabilities 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.

### Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standard (IAS) 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial value of promised retirement benefits by way of a note to the net asset statement (note 17).

### Additional Voluntary Contributions

There are currently two additional voluntary contribution (AVC) schemes for the members of the Royal Borough of Greenwich Pension Fund, with only one open to new members. These schemes are separate to the fund with assets which are invested separately. AVCs are not included in the accounts in accordance with Section 4(1) (b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016. Note 20 provides details of the Funds AVC schemes.

### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Fund a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Net Asset Statement but are disclosed in a note to the Accounts. The limit for contingent liabilities is reflective of the Funds perception of materiality and is currently set at £250,000.

## **Other Accounting Policies**

### **Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Fund'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.

### **Events after the Reporting Period**

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Accounts are authorised for issue. Events taking place after the date of authorisation for issue are not reflected in the Accounts. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Accounts are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

## **Note 4 - Critical Judgements in Applying Accounting Policies**

The Accounts contain critical judgements in applying accounting policies and estimated figures based on assumptions made by the Authority about the future or that are otherwise uncertain. The following items have a significant risk of material adjustment in the forthcoming financial year:

### **Pension Fund Liability**

It is a statutory requirement that the funding level is calculated every three years by the appointed actuary in order to determine employer contribution rates for the forthcoming three years. However, the methodology used within the accounts is in line with accepted guidelines and in accordance with IAS19.

Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 16. These estimates are subject to significant variances based upon changes to the underlying assumptions.

There is one uncertainty regarding the scheme's benefits and hence liabilities. Information is provided below on the impact of the McCloud & Sargeant judgements.

### McCloud & Sargeant Judgements

There are currently uncertainties in relation to LGPS benefits due to the McCloud and Sargeant judgements. In December 2018, the Court of Appeal ruled that the transitional protection offered to some members in both the Judges Pension Scheme (McCloud) and the Firefighters Pension Scheme (Sargeant) amounted to unlawful discrimination. As a result, the Government announced that the judgements would apply to all public-sector pension schemes, including the LGPS. The Government Actuaries Department (GAD) was then asked to carry out an analysis on the possible impact of the judgement on LGPS liabilities.

The regulations related to the McCloud and Sargeant judgements took effect on October 1, 2023. These regulations may impact the valuation of liabilities associated with accrued benefits. An allowance for McCloud was already accounted for in a previous financial period, so no explicit adjustment will be made to our results this year.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made, taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
Actual present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary and pension increase estimates and life expectancy. The Fund's actuaries are engaged to provide the Fund with expert advice about the assumptions used.	A 0.1% increase in the discount rate would result in a decrease in the pension liability of £26.9m. A 0.1% decrease in assumed earnings would decrease the pension liability by £1.8m and a 1-year increase in assumed life expectancy would increase the Fund liability by £74.7m.

Diversified alternative	<p>Diversified Alternative investment are valued using variety of methods and makes assumptions that are not always supported by observable market prices or rates. These investments are not publicly listed and as such, there is a degree of estimate involved in the valuation.</p>	<p>The total value of Level 3 investment in Diversified Alternative is £103m. There is a risk that the investment may be under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 13.7% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/- £14.07m</p>
Pooled Property (CBRE)	<p>The Fund valued at the fair values provided by the administrators of the underlying funds. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation.</p>	<p>The total value of Level 3 investment in CBRE is £30.6m. There is a risk that the investment may be under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 7.0% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/- £2.14m</p>
LCIV Renewable Infrastructure	<p>Infrastructure investments are valued using best practices prevailing within the investment management industry to determine each underlying investment's fair market value.</p>	<p>The total value of Level 3 investment in LCIV renewable infrastructure is £24m. There is a risk that the investment may be under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 4.8% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/- £1.15m</p>
LCIV Private Debt	<p>Private debt investments are valued at fair valued in accordance with industry guidelines, based on the fund manager valuations as at the end of the reporting period.</p> <p>These investments are not publicly listed and as such there a degree of estimation involved in the valuation.</p>	<p>The total value of Level 3 investment in LCIV Private Debt is £67.7m. There is a risk that the investment may be under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 5.4% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/- £3.69m</p>

## Note 6 – Contributions Receivable

Contributions represent the total amounts receivable from employers within the scheme in respect of their own contributions and any of their employees who are members of the scheme. The employer's contributions are made at a rate determined by the Fund's Actuary as necessary to maintain the Fund in a state of solvency, having regard to existing and future liabilities. The average employer contribution rate used during 2023/24 was 18.5%. Member contribution rates are determined by a banding mechanism linked to pensionable pay. Contributions shown in the revenue statement can be broken down as follows:

2022/23 £000	By Category	2023/24 £000
(15,867)	Employee's Contributions	(16,961)
<b>(15,867)</b>	<b>Total Employees' Contributions</b>	<b>(16,961)</b>
	Employer's Contributions:	
(38,002)	Normal Contributions	(44,995)
(4,082)	Deficit Recovery Contributions	(905)
(378)	Augmentation Contributions	(56)
<b>(42,462)</b>	<b>Total Employers' Contributions</b>	<b>(45,956)</b>
<b>(58,329)</b>		<b>(62,917)</b>

2022/23 £000	By Authority	2023/24 £000
(45,645)	Administering Authority	(49,239)
(9,230)	Scheduled Bodies	(10,395)
(3,454)	Admitted Bodies	(3,283)
<b>(58,329)</b>		<b>(62,917)</b>

## Note 7 - Transfers in from Other Pension Funds

2022/23 £000	Transfers in from other Pension Funds	2023/24 £000
0	Group Transfers	0
(6,371)	Individual Transfers	(4,345)
(6,371)		(4,345)

## Note 8 - Benefits

Benefits payable are made up of pension payments and lump sums payable upon retirement and death. These have been brought into the accounts on the basis of all valid claims approved during the year.

2022/23 £000	Benefits	2023/24 £000
<b>Pensions</b>		
48,654	Administering Authority	53,955
1,526	Admitted Bodies	1,871
1,626	Scheduled Bodies	2,068
<b>51,806</b>	<b>Total Pensions Payable</b>	<b>57,894</b>
<b>Lump Sums</b>		
10,182	Administering Authority	10,942
652	Admitted Bodies	617
1,286	Scheduled Bodies	1,400
<b>12,120</b>	<b>Total Lump Sums and</b>	<b>12,959</b>

<b>Commutation</b>		
<b>Death Benefits:</b>		
1,633	Administering Authority	1,881
(3)	Admitted Bodies	229
253	Scheduled Bodies	146
<b>1,883</b>	<b>Total Death Benefits</b>	<b>2,256</b>
<b>65,809</b>	<b>Total Benefits Payable</b>	<b>73,109</b>

## Note 9 - Payments to and on Account of Leavers

2022/23	Payments to and on Account	2023/24
£000	Of Leavers	£000
238	Refunds to Members leaving Service	308
(1)	Payments for Members joining State Scheme	(4)
5,164	Individual Transfers	9,227
<b>5,401</b>	<b>Total Payments to and on Account of Leavers</b>	<b>9,531</b>

## Note 10a – Management Expenses

2022/23	Management Expenses	2023/24
£000		£000
990	Administration Expenses	1,159
171	Oversight and Governance	212
4,554	Investment Management Expenses	4,396
<b>5,715</b>	<b>Total Management Expenses</b>	<b>5,767</b>

## Note 10b Investment Management Expenses

2022/23	Management Expenses	2023/24
£000		£000
4,091	Management Expenses	4,177
420	Performance Fees	171
43	Custody Fees	48
<b>4,554</b>	<b>Total Management Expenses</b>	<b>4,396</b>

## Note 11 - Investment Income

2022/23	Investment Income	2023/24
£000		£000
(7,989)	Income from Equities	(8,327)
(61)	Income from Private Equity	(4)
(2,500)	Income from Diversified Alternative	(5,000)
(115)	Rental Income from Freehold Property	(115)
(4,400)	Income from Pooled Investment Vehicles	(3,663)
(5,073)	Income from Property Unit Trusts	(4,479)
(695)	Interest	(1,241)
(1)	Other Investment Income	(12)
<b>(20,834)</b>	<b>Total Investment Income</b>	<b>(22,841)</b>

## Note 11a - Taxes on Income

### UK Income Tax

The Fund is exempt and approved under the Finance Act 1970. It is therefore not liable to UK income tax on interest, dividends and property income, or to capital gains tax.

### Value Added Tax

By virtue of the Royal Borough of Greenwich being the Administrating Authority, VAT input tax is recoverable on Fund activities.



## Overseas Tax

Taxation agreements exist between the UK and certain EU and other countries whereby a proportion of the tax deducted locally from investment earnings may be reclaimed. The proportion reclaimable and the timescale involved vary from country to country.

2022/23	Withholding Tax	2023/24
£000		£000
0	Taxes on Transition	35
0	<b>Total taxes on income</b>	<b>35</b>

## Note 12 - External Audit Costs

2022/23		2023/24
£000		£000
36	Payable in respect of external audit*	91
0	PSAA Refund	0
(18)	Redmond Review Grant	(12)
<b>18</b>	<b>Total External Audit Costs</b>	<b>79</b>

\*£91k was paid/payable to the external auditors of the Pension Fund, Forvis Mazars LLP ( Grant Thornton UK LLP 36k in 2022/23).

## Note 13 - Investments

The investment managers and their mandates are as follows:

Manager	Mandate(s)
Blackrock	Passive Global Equity
Legal and General Investment Management (LGIM)	Low Carbon Passive Global Equity
CBRE Global Investors	Property
Fidelity International	Bond/Global Multi Asset Credit (GMAC)/Global Emerging Market Equities (GEME)
Wilshire	Private Equity
Partners Group	Diversified Alternative

The market value and proportion of investments managed by each fund manager at 31 March 2024 was as follows:

	2022/23 Market Value £000	2022/23 Market Value %	2023/24 Market Value £000	2023/24 Market Value %
Blackrock	607,369	38	385,250	23
LGIM	0	0	282,152	17
CBRE Global Investors	149,680	9	146,528	9
Fidelity BOND	146,596	9	153,296	9
Fidelity GMAC	155,183	10	166,441	10
Royal Borough of Greenwich	14,765	1	25,654	1
Wilshire	1,180	0	838	0
London CIV	150	0	150	0
Partners Group	107,023	7	102,176	6
Fidelity GEME	127,126	8	137,385	8
LCIV Real Return Fund	93,535	6	100,915	6
LCIV Absolute Return Fund	104,353	7	98,085	6
LCIV Renewable Infrastructure	18,802	1	24,060	1
LCIV Private Debt	58,503	4	67,720	4
<b>Total</b>	<b>1,584,265</b>	<b>100</b>	<b>1,690,650</b>	<b>100</b>

The change in market value of the Fund during the year is represented as follows:

Manager	Market Value 31- Mar 2023	Purchases	Sales	Change in Market Value Of	Change in Working Capital	Market Value 31-Mar 2024
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	Investments					
	£000	£000	£000	£000	£000	£000
Blackrock	607,369	1	(260,556)	38,297	139	385,250
LGIM	0	241,053	(3,576)	44,717	(42)	282,152
CBRE Global Investors	149,680	11,344	(3,856)	(7,773)	(2,867)	146,528
Fidelity BOND <sup>a</sup>	146,596	(192)	0	6,893	(1)	153,296
Royal Borough of Greenwich	14,765	0	0	246	10,643	25,654
Wilshire <sup>b</sup>	1,180	(36)	(208)	(98)	0	838
Fidelity GMAC <sup>a</sup>	155,183	(398)	0	11,663	(7)	166,441
London CIV	150	0	0	0	0	150
Partners Group	107,023	0	(1,866)	(3,020)	39	102,176
Fidelity GEME <sup>a</sup>	127,126	(735)	0	11,009	(15)	137,385
LCIV Real Return Fund	93,536	2,395	0	4,984	0	100,915
LCIV Absolute Return Fund	104,353	1,268	0	(7,536)	0	98,085
LCIV Renewable Infrastructure	18,802	5,790	0	(537)	5	24,060
LCIV Private Debt	58,502	3,346	0	5,879	(7)	67,720
<b>Total</b>	<b>1,584,265</b>	<b>263,836</b>	<b>(270,062)</b>	<b>104,724</b>	<b>7,887</b>	<b>1,690,650</b>

a. The negative Fidelity purchase relates to management fees which are charged by reducing the market value of the holdings by the amount of the fee.

b. Distributions have been split into income (dividends, interest and gains) and distributions of capital reducing the book cost.

The prior year comparator is as follows:

Manager	Market Value 31-Mar 2022	Purchases	Sales	Change in	Change in	Market Value
				Market Value Of Investments	Working Capital	31-Mar 2023
	£000	£000	£000	£000	£000	£000

Blackrock	682,193	0	(75,000)	527	(351)	607,369
CBRE Global Investors	172,880	2,855	(2,937)	(28,214)	5,096	149,680
Fidelity BOND	132,766	29,815	0	(15,984)	(1)	146,596
Royal Borough of Greenwich	31,761	0	0	1,600	(18,596)	14,765
Wilshire <sup>b</sup>	1,938	(45)	(274)	(439)	0	1,180
Fidelity GMAC	115,049	44,665	0	(4,512)	(19)	155,183
London CIV	150	0	0	0	0	150
Partners Group	106,455	0	(2,422)	2,753	237	107,023
Fidelity GEME <sup>a</sup>	142,858	(755)	0	(14,996)	19	127,126
LCIV Real Return Fund	97,481	1,617	0	(5,562)	0	93,536
LCIV Absolute Return Fund	103,051	2,783	0	(1,481)	0	104,353
LCIV Renewable Infrastructure	12,414	5,078	(2,356)	3,665	1	18,802
LCIV Private Debt	36,319	24,579	(5,379)	2,984	(1)	58,502
<b>Total</b>	<b>1,635,315</b>	<b>110,592</b>	<b>(88,368)</b>	<b>(59,659)</b>	<b>(13,615)</b>	<b>1,584,265</b>

a. The negative Fidelity purchase relates to management fees which are charged by reducing the market value of the holdings by the amount of the fee.

b. Distributions have been split into income (dividends, interest and gains) and distributions of capital reducing the book cost.

The change in market value of investments during the year is comprised of new money invested and the realised and unrealised profits or losses for the year:

2022/23 £000	Change Market Value	2023/24 £000
1,635,315	Opening Market Value	1,584,265
8,609	Net Revenue Cash in / (out) flow	1,661
36,092	Realised profit / (loss)	135,559
(95,751)	Unrealised profit / (loss)	(30,835)
<b>1,584,265</b>	<b>Closing Market Value</b>	<b>1,690,650</b>

Individual investment assets with a market value of greater than 5% of the total fund value are as follows:

<b>Investment Assets</b>	<b>Manager</b>	<b>2023/24</b>	<b>2023/24</b>
		<b>£000</b>	<b>%</b>
Future World Global Equity	LGIM	282,194	17
ISHARES UK Equity	Blackrock	229,194	14
Fidelity Global Multi Asset Credit	Fidelity	166,546	10
Fidelity UK Aggregate Bond	Fidelity	153,344	9
Aquila Life GLB 3000	Blackrock	153,053	9
Fidelity Institutional Funds Emerging Markets	Fidelity	137,582	8
Partners IC RBG LTD	Partners Group	102,581	6
Real Return Fund	London CIV	100,915	6
Absolute Return Fund	London CIV	98,086	6

The prior year comparator is as follows:

<b>Investment Assets</b>	<b>Manager</b>	<b>2022/23</b>	<b>2022/23</b>
		<b>£000</b>	<b>%</b>
Aquila Life World Ex UK	Blackrock	231,414	15
ISHARES UK Equity	Blackrock	219,819	14
Fidelity Global Multi Asset Credit	Fidelity	155,280	10
Aquila Life GLB 3000	Blackrock	153,395	10
Fidelity UK Aggregate Bond	Fidelity	146,643	9
Fidelity Institutional Funds Emerging Markets	Fidelity	127,307	8
Partners IC RBG LTD	Partners Group	107,469	7
LCIV Absolute Return Fund	London CIV	104,353	7
LCIV Real Return Fund	London CIV	93,535	6

## Stock Lending / Derivatives

The Fund has a policy of not entering into stock lending arrangements - there were no stock lending arrangements in place during 2023/24 or 2022/23. The following investment products are classed as derivatives and may be used by the Fund managers (none held directly by the Fund on 31 March 2024):

- Stock index futures – used for the purposes of efficient portfolio management.
- Short currency forwards – used for defensively hedging non-UK exposure back to sterling.
- Local access products – used to gain exposure to stocks where the manager is unable to purchase them directly.

## Property Holdings

The Fund has a directly owned property, which is leased commercially to various tenants. Details of this are as follows:

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
4,100	Opening balance	5,700
1,600	Net increase in market value	245
<b>5,700</b>	<b>Closing balance</b>	<b>5,945</b>

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
115	Within one year	115
460	Between one and five years	460
<b>575</b>	<b>Total future lease payments due under existing contracts</b>	<b>575</b>

## Note 14 – Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

	31 March 2023			31 March 2024	
	Fair Value through Profit and Loss £000	Assets at Amortised Cost £000		Fair Value through Profit and Loss £000	Assets at Amortised Cost £000
			<b>Financial Assets</b>		
			Pooled Investment Vehicles:		
731,971			Equities	802,181	
301,924			Fixed Income	319,890	
133,768			Property Unit Trusts	133,483	
197,888			Multi Asset	199,000	
18,813			Infrastructure	24,066	
58,508			Private Debt	67,733	
1,180			Private Equity	838	
107,468			Diversified Alternative	102,581	
	22		Cash Deposits		6
	16,367		Cash Equivalents		25,218
	3,131		Other investment balances		3,199
	626		Contributions Due		5,134
	604		Other Current Assets		410
	8,753		Cash Balances		4,007
<b>1,551,520</b>	<b>29,503</b>	<b>0</b>	<b>Total Financial Assets</b>	<b>1,649,772</b>	<b>37,974</b>
			<b>Financial Liabilities</b>		
		(919)	Other Investment Balances		(1,428)
		(717)	Unpaid Benefits		(759)

		(211)	Other Current Liabilities			(314)
		(1,847)	<b>Total Financial Liabilities</b>			<b>(2,501)</b>
<b>1,551,520</b>	<b>29,503</b>	<b>(1,847)</b>	<b>Net Financial Assets</b>	<b>1,649,772</b>	<b>37,974</b>	<b>(2,501)</b>

The net gains and losses on financial instruments are as follows:

2022/23 £000	Gains and Losses	2023/24 £000
	<u>Financial Assets</u>	
(61,259)	Fair Value Through Profit and Loss	104,479
	<u>Financial Liabilities</u>	
0	Fair Value Through Profit and Loss	0
<b>(61,259)</b>	<b>Total</b>	<b>104,479</b>

The interest revenue and expense for financial assets measured at amortised cost is as follows:

2022/23 £000	Interest Revenue and Expense	2023/24 £000
	<u>Assets at amortised cost</u>	
(358)	Interest Revenue	(1,242)
1	Interest Expense	1
<b>(357)</b>	<b>Total</b>	<b>(1,241)</b>

#### 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 the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities and unit trusts.

Level 2 – Where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value 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.

### Reconciliation of Fair Value Measurement within Level 3

<b>Asset</b>	<b>Market Value at 31/03/2023</b>	<b>Transfer into Level 3</b>	<b>Transfer out of Level 3</b>	<b>Purchases at cost</b>	<b>Sales</b>	<b>Unrealised Gain/(Loss)</b>	<b>Realised Gains/(Loss)</b>	<b>Market Value At 31/03/2024</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
UT - Property UK*	30,918	0	0	4,661	(2,605)	(2,605)	204	30,573
Freehold Property	5,700	0	0	0	0	245	0	5,945
Diversified Alternative	107,468	0	0	0	(1,867)	(3,020)	0	102,581
Private Equity	1,180	0	0	(37)	(208)	(305)	208	838
Infrastructure	18,813	0	0	5,790	0	(537)	0	24,066
Private Debt	58,508	0	0	3,346	0	5,879	0	67,733
<b>Total</b>	<b>222,587</b>	<b>0</b>	<b>0</b>	<b>13,760</b>	<b>(4,680)</b>	<b>(343)</b>	<b>412</b>	<b>231,736</b>

The prior year comparator is as follows:

<b>Asset</b>	<b>Market Value at 31/03/2022</b>	<b>Transfer into Level 3</b>	<b>Transfer out of Level 3</b>	<b>Purchases at cost</b>	<b>Sales</b>	<b>Unrealised Gain/(Loss)</b>	<b>Realised Gains/(Loss)</b>	<b>Market Value At 31/03/2023</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
UT - Property UK*	63,938	0	(23,453)	373	(2,937)	(7,003)	0	30,918
Freehold Property	4,100	0	0	0	0	1,600	0	5,700
Diversified Alternative	107,137	0	0	0	(2,422)	2,753	0	107,468
Private Equity	1,938	0	0	(45)	(274)	(713)	274	1,180
Infrastructure	12,425	0	0	5,078	(2,355)	3,665	0	18,813
Private Debt	36,324	0	0	24,579	(5,379)	2,984	0	58,508
<b>Total</b>	<b>225,862</b>	<b>0</b>	<b>(23,453)</b>	<b>29,985</b>	<b>(13,367)</b>	<b>3,286</b>	<b>274</b>	<b>222,587</b>

\* The transfer out of level 3 is due to liquidity constraints within an underlying fund being lifted, causing a reclassification to level 2

### Sensitivity of assets value at level 3

Having analysed historical data and current market trends, and consulted with the Funds' performance management advisors, the Fund has determined that valuation methods described above are likely to be accurate to within the following ranges and set out below the consequent potential impact on the closing value of investment as at 31 March 2024.

<b>Asset</b>	<b>Value as at 31 March 2024 £000</b>	<b>Percentage Change %</b>	<b>Value on Increase £000</b>	<b>Value on Decrease £000</b>
UT - Property UK	30,573	7	32,716	28,430
Freehold Property	5,945	7	6,362	5,528
Private Equity	838	17	980	696
Diversified Alternative	102,581	13.7	116,653	88,510
Infrastructure	24,066	4.8	25,221	22,912
Private Debt	67,733	5.4	71,419	64,046
<b>Total Level 3 Assets available to Pay Benefits</b>	<b>231,736</b>		<b>253,351</b>	<b>210,122</b>

The prior year comparator is as follows:

<b>Asset</b>	<b>Value as at 31 March 2023 £000</b>	<b>Percentage Change %</b>	<b>Value on Increase £000</b>	<b>Value on Decrease £000</b>
UT - Property UK	30,918	6.8	33,017	28,819
Freehold Property	5,700	6.8	6,087	5,313
Private Equity	1,180	18.6	1,399	961
Diversified Alternative	107,468	13.9	122,393	92,544
Infrastructure	18,813	5.1	19,776	17,850
Private Debt	58,508	5.4	61,660	55,356
<b>Total Level 3 Assets available to Pay Benefits</b>	<b>222,587</b>		<b>244,332</b>	<b>200,843</b>

The following table provides an analysis of the Financial Assets and Liabilities of the Fund and are grouped based upon the level at which the fair value is observable.

<b>Values as at 31 March 2024</b>	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>Total £000</b>
<b>Financial Assets</b>				
Financial Assets at Fair Value through profit and loss	0	1,423,981	225,791	1,649,772
Non-Financial assets at Fair Value through profit and loss	0	0	5,945	5,945
	<b>0</b>	<b>1,423,981</b>	<b>231,736</b>	<b>1,655,717</b>

The prior year comparator is as follows:

<b>Values as at 31 March 2023</b>	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>Total £000</b>
<b>Financial Assets</b>				
Financial Assets at Fair Value through profit and loss	0	1,334,633	216,888	1,551,521
Non-Financial assets at Fair Value through profit and loss	0	0	5,700	5,700
	<b>0</b>	<b>1,334,633</b>	<b>222,588</b>	<b>1,557,221</b>

#### Fair Value – Basis of Valuation

<b>Description of asset</b>	<b>Valuation Hierarchy</b>	<b>Basis of Valuation</b>	<b>Observable and Unobservable Input</b>	<b>Key Sensitivities affecting the valuations provided</b>
Pooled Investments – Fixed Income	Level 2	NAV basis. Where the markets of financial instruments are actively traded exchange markets, valuations are based on quoted market prices, which is the price within the bid-ask spread. For non-traded financial instruments, the programme uses a variety of market and income methods.	Evaluated price feeds	Not Required

Pooled Investments - Equities	Level 2	Bid price	Evaluated price feeds	Not Required
Pooled Investments – Emerging Market Equities	Level 2	Mid price	Evaluated price feeds	Not Required
Pooled Investments - Multi Asset	Level 2	Swung price/mid price	Evaluated price feeds	Not Required
Property Unit Trusts	Level 2	Based upon the underlying investments within each portfolio, which are based upon the latest available valuations (March 2024)	Latest available trading NAV (Bid Price)	Not Required
Property Unit Trusts	Level 3	Based upon the underlying investments within each portfolio, which are based upon the latest available valuations (ranging from December 2023 to March 2024)	INREV NAV	Return of capital, investment contributions, capital calls and accruals of liquidation expenses.
Private Equity	Level 3	Based upon the underlying investments within each portfolio.	Valuations of underlying limited partnerships	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Diversified Alternative	Level 3	<b>Private Equity</b> - A market approach is applied (mainly EV/EBITDA multiples) where appropriate. In some cases, an alternative method can be applied (e.g. DCF approach). <b>Private Debt</b> - Where market quotations are readily	-EV/EBITDA multiples -Discounted cash flows -Third party appraisals	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own

		<p>available, the valuation is based on these. Where no market quotations are available, valuations are based on a discounted cash flow approach or recovery method.</p> <p><b>Private Real Estate</b> - Valued considering third party appraisals which are updated at least on an annual basis. Intra-year valuations from these third party appraisals are adjusted for recent developments</p> <p><b>Private Infrastructure</b> - Early stage investments are valued using the replacement cost method. Once construction reaches a certain stage, where cash flows are more visible, the valuation method is normally switched to a discounted cash flow analysis.</p> <p>For stable and operating infrastructure assets, a market approach (i.e. multiple method) is used.</p>		<p>reporting date, and by any differences between audited and unaudited accounts.</p>
Freehold Property	Level 3	<p>Valued by a valuer and RICS member, employed by the Royal Borough of Greenwich. The property was valued utilising the Royal Institute of Chartered Surveyors-current edition of the RICS Valuation - Global standards and the RICS UK national supplement . The valuation was based on the open market value of the freehold interest, having regard to the actual lease terms and</p>	Income from tenants	<p>Significant changes in rental growth, vacancy levels or the discount rates could affect valuations as could more general changes to market prices</p>

		evidence of current levels of rent and yields for the class of property, adjusted to reflect age, condition and characteristics of the particular locality		
Shares in London CIV Asset Pool	Level 3	Based on the capital invested within the London CIV	N/A	N/A
Pooled Investments - Infrastructure	Level 3	Based upon the underlying investments in each portfolio. Valued at fair value on a quarterly basis.	NAV based pricing	Foreign exchange fluctuations
Pooled Investments - Private Debt	Level 3	Based upon the underlying investments in each portfolio. Valued at fair value on a quarterly basis.	NAV based pricing	Foreign exchange fluctuations

## Note 15 - Nature and Extent of Risks arising from Financial Instruments

### Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall risk management programme. Responsibility for the Fund's risk management strategy rests with the Pension Fund Investment and Administration Panel. Risk management policies are established to identify and analyse the risks faced by the Fund. Policies are reviewed regularly to reflect changes in activity and market conditions.

### Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future

price and yield movements and the asset risk. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis. The Fund manages these risks in two ways:

- The exposure of the Fund to market risk is monitored through risk analysis, to ensure that risk remains within tolerable levels
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

### Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market. The Fund is exposed to share price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Fund to ensure it is within limits specified in the Fund investment strategy.

### Other Price Risk – Sensitivity Analysis

Having analysed historical data and expected investment return movement during the financial year, and consultation with the Fund's performance management advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the reporting period.

<b>Asset</b>	<b>Potential Market Movements (+/-)</b>
UK Equities	9.85%
Overseas Equities	9.85%
Bonds	7.76%
Property	7.01%
Cash Equivalents	0.97%
Private Equity	16.98%
Multi Asset	5.30%
Diversified Alternative	13.72%
Private Debt	5.44%

Infrastructure

4.80%

This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same. Had the market price of the Fund investments moved in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows:

Asset	Value as at 31 March 2024 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash Equivalents	25,218	0.97	25,463	24,973
UK Equities	229,202	9.85	251,778	206,627
Overseas Equities	572,829	9.85	629,250	516,407
Bonds	319,890	7.76	344,707	295,073
Diversified Alternative	102,581	13.72	116,653	88,510
Property	139,428	7.01	149,201	129,655
Private Equity	838	16.98	980	696
Multi Asset	199,000	5.30	209,554	188,446
Infrastructure	24,066	4.80	25,220	22,912
Private Debt	67,733	5.44	71,419	64,046
Other Investment Balances	5,934	0.00	5,934	5,934
<b>Total Assets available to Pay Benefits</b>	<b>1,686,719</b>		<b>1,830,159</b>	<b>1,543,279</b>

The prior year comparator is as follows:

Asset	Value as at 31 March 2023 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash Equivalents	16,367	1.76	16,655	16,079
UK Equities	219,827	12.03	246,267	193,387
Overseas Equities	511,995	12.03	573,576	450,413
Bonds	301,924	7.69	325,130	278,717
Diversified Alternative	107,469	13.89	122,393	92,544
Property	139,468	6.79	148,936	130,001
Private Equity	1,180	18.56	1,399	961
Multi Asset	197,888	4.94	207,658	188,118



Infrastructure	18,813	5.12	19,776	17,850
Private Debt	58,508	5.39	61,660	55,356
Other Investment Balances	11,135	0	11,135	11,135
<b>Total Assets available to Pay Benefits</b>	<b>1,584,574</b>		<b>1,734,585</b>	<b>1,434,561</b>

### Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's direct exposure to interest rate movements is through its cash and fixed income holdings.

### Interest Rate Risk - Sensitivity Analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. It is currently felt that interest rates are unlikely to move up or down by more than 150 basis points (bps) over the course of the next year. 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 +/- 150 bps change in interest rates (25 bps 22/23).

Asset	Carrying Amount as at 31 March 2024	Change in Year in the Net Assets available to Pay Benefits	
		+ 150 bps	-150 bps
	£000	£000	£000
Cash Balances	4,007	4,067	3,947
Cash on Deposit	6	6	6
Cash Equivalents	25,218	25,596	24,840
Blackrock Institutional Series	8	9	8
<b>Total Interest Rate Risk Assets</b>	<b>29,239</b>	<b>29,678</b>	<b>28,801</b>

Asset	Carrying Amount as at 31 March 2024	Change in Year in the Net Assets available to Pay Benefits	
		+ 150 bps	-150 bps
	£000	£000	£000
Fidelity GMAC	166,546	157,302	175,789
Fidelity UK Aggregate Bond Fund	153,344	136,323	170,366
<b>Total Interest Rate Risk Assets</b>	<b>319,890</b>	<b>293,625</b>	<b>346,155</b>

The prior year comparator is as follows:

Asset	Carrying Amount as at 31 March 2023	Change in Year in the Net Assets available to Pay Benefits	
		+ 25 bps	-25 bps
	£000	£000	£000
Cash Balances	8,753	8,775	8,731
Cash on Deposit	22	22	22
Cash Equivalents	16,367	16,408	16,326
Blackrock Institutional Series	8	8	8
<b>Total Interest Rate Risk Assets</b>	<b>25,150</b>	<b>25,213</b>	<b>25,087</b>

Asset	Carrying Amount as at 31 March 2023	Change in Year in the Net Assets available to Pay Benefits	
		+ 25 bps	-25 bps
	£000	£000	£000
Fidelity GMAC	155,281	153,634	156,926
Fidelity UK Aggregate Bond Fund	146,643	143,784	149,503
<b>Total Interest Rate Risk Assets</b>	<b>301,924</b>	<b>297,418</b>	<b>306,429</b>

## Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than Sterling. The Fund holds both monetary and non-monetary assets denominated in currencies other than Sterling.

### Currency Risk – Sensitivity Analysis

Following consultation with the Fund's performance management advisors, the following table shows the potential impact of foreign exchange rate movements on the overseas holdings within the Fund (the analysis assumes that all other variables, in particular interest rates, remain constant):

<b>Asset</b>	<b>Asset Value as at 31 March 2024</b>	<b>Potential Change in Foreign Exchange Rate</b>	<b>Value on Increase</b>	<b>Value on Decrease</b>
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>£000</b>
Private Equity	838	8.26	907	769
Equity	572,829	5.94	606,828	538,830
Multi Asset	45,087	5.64	47,631	42,542
Cash held in Foreign Currencies	10	4.34	10	9
<b>Total Currency Risk Assets</b>	<b>618,764</b>		<b>655,376</b>	<b>582,150</b>

The prior year comparator is as follows:

<b>Asset</b>	<b>Asset Value as at 31 March 2023</b>	<b>Potential Change in Foreign Exchange Rate</b>	<b>Value on Increase</b>	<b>Value on Decrease</b>
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>£000</b>
Private Equity	1,180	9.12	1,287	1,072
Equity	511,995	6.72	546,378	477,611
Multi Asset	40,773	5.62	43,065	38,481
Cash held in Foreign Currencies	0		0	0
<b>Total Currency Risk Assets</b>	<b>553,948</b>		<b>590,730</b>	<b>517,164</b>

## Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions held in year where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner. Contractual credit risk is represented by the net payment or receipt that remains outstanding and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties. Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. The Fund has a private equity portfolio where there is a higher credit risk. At the reporting date 0.05% of the Fund was in private equity thereby capping exposure to this asset class. Deposits are not made with banks and financial institutions unless they are rated independently and have a high credit rating. The Fund's cash holding under its treasury management arrangements as at 31 March 2024 was £4m (£8.8m at 31 March 2023). This was held as follows:

<b>Counterparty Type</b>	<b>31 March 2023 £000</b>	<b>31 March 2024 £000</b>
UK Banks	8,753	4,007

## Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The cash position of the Fund is monitored to ensure that the Fund has adequate cash resources to meet its commitments. The Fund has immediate access to monies held in its current account. Monies on deposit are also highly liquid and are available to the Fund if needed. If the Fund found itself in a position where it did not have the monies to meet its immediate commitments, then liquid assets could be sold to provide additional cash. The fund defines liquid assets as assets that can be converted to cash within three months. As at 31 March 2024, the value of liquid assets represented 80% of the Fund (79% at 31 March 2023). Financial liabilities of £3.276m are all due to be settled within 12 months of the net asset statement date.

## Refinancing risk

The key risk is that the Fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

## Note 16 – Funding Arrangements

In accordance with The Local Government Pension Scheme Regulations 2013, 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 Fund. This actuarial valuation also assesses the contribution rate required to meet the future liabilities of the Fund by considering the benefits that accrue over the course of the three years to the next full valuation.

In line with the regulations that funds should be re-valued every three years, the latest triennial valuation was carried out as at 31 March 2022 (effective from 1 April 2023) by the funds actuary, Barnett Waddingham. The results were published in the 31 March 2022 actuarial valuation which is available on the Royal Borough of Greenwich website.

The method of calculating the employer's contribution rate is derived from the cost of the benefits building up over the year following the valuation date. This method is known as the 'Projected Unit Method'. It is a method considered appropriate by the Actuary for a fund open to new members. As the Fund remains open to new members, its age profile is not currently rising significantly. If the age profile began to rise significantly, the projected unit method would calculate an increase in current service cost as scheme members approached retirement.

The market value of the Fund at the 2022 review date was £1,640m (£1,332m in 2019) and results showed that assets represented 103% of the liabilities (97% in 2019). The Fund surplus arising from the valuation was £44m as at 31 March 2022 (£45m deficit as at 31 March 2019). Deficits are spread and recovered over a maximum 20-year period from 01 April 2023. The reconciliation of the contribution rate is as shown below:

<b>Contribution Rate Analysis</b>	<b>Mar-22</b>
	<b>%</b>
Future Service Total	18.2
Deficit Contribution	0.3
<b>Total Employer Contribution Rate</b>	<b>18.5</b>

The triennial valuation determines the contribution rate for each employer in the Fund using statistical information specific to each employer. The agreed contribution rates in accordance with the results of the actuarial valuation are as follows:

<b>Year</b>	<b>Royal Borough of Greenwich</b>	<b>Other Bodies</b>
2023/24	18.50%	12% - 19.1%

2024/25	18.50%	12% - 19.1%
2025/26	18.50%	12% - 19.1%

Details of each employer's individual rates are detailed in the Rates and Adjustment Certificate, which can be found in the triennial valuation report. New employers admitted after 31 March 2022 are actuarially assessed to determine their individual employer contribution rates.

The actuarial valuation using the 'Projected Unit Method' is based on economic assumptions. Assets have been valued at a 6 month smoothed market value straddling the valuation date. The assumptions used in the calculation and applied during the inter-valuation period are summarised as follows:

<b>Future Assumed Returns as at March 2022</b>	<b>Assumed Returns % p.a.</b>
<b>Investment Return</b>	
Gilts	2.0
Cash	0.7
Corporate Bonds	2.8
Equities	6.9
Private Equity	6.9
Property	6.4
Infrastructure	6.4
Private Debt	6
Cash Plus	4.6
Multi Asset Credit	5

<b>Financial Assumptions</b>	<b>2022 % p.a.</b>	<b>2019 % p.a.</b>
Discount Rate	4.8	5.0
Salary Increases	3.9	3.6
Consumer Price Inflation (CPI)	2.9	2.6
Pension Increases	2.9	2.6

The assumed life expectations from age 65 are as follows:

<b>Demographic assumptions – Life expectancy from age 65</b>	<b>31-Mar 2023</b>	<b>31-Mar 2024</b>
<u>Retiring Today</u>		
Males	19.6	19.3
Females	23.0	22.7
<u>Retiring in 20 years</u>		
Males	21.0	20.6
Females	24.5	24.2

The actuary has also assumed that:

- Members will exchange half of their commutable pension for cash at retirement
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

### Note 17 - Actuarial Present Value of Promised Retirement Benefits (IAS 19 basis)

To assess the value of the Fund's liabilities at 31 March 2024, the values calculated for the funding valuation as at 31 March 2022 have been rolled forward, using financial assumptions that comply with IAS19. The net liability of the Fund in relation to the actuarial present value of promised retirement benefits and the net assets available to fund these benefits is:

<b>Net Present Value</b>	<b>31-Mar 2023 £000</b>	<b>31-Mar 2024 £000</b>
<u>Present Value of Funded Obligation</u>		
Vested Obligation	(1,708,398)	(1,738,504)

Non-Vested Obligation	(17,991)	(17,367)
Total Present Value of Funded Obligation	(1,726,389)	(1,755,871)
Fair Value of Scheme Assets	1,584,266	1,690,650
<b>Net Liability</b>	<b>(142,123)</b>	<b>(65,221)</b>

The financial assumptions used to assess the total net liability as at 31 March 2024 are:

<b>Financial Assumptions</b>	<b>Mar-23</b>	<b>Mar-24</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Discount Rate	4.80	4.90
Pay Increases	3.90	3.95
Pension Increases	2.90	2.95

## Note 18 – Debtors and Creditors

The following material amounts were due to, or payable from, the Fund as at 31 March 2024:

<b>2022/23</b>	<b>Debtors</b>	<b>2023/24</b>
<b>£000</b>		<b>£000</b>
	<u>Investment Debtors</u>	
24	Tax Refunds Due	23
2,873	Dividends Due	3,064
55	Interest	112
179	Sale of Investments	0
<b>3,131</b>	<b>Total Investment Debtors</b>	<b>3,199</b>
	<u>Member Debtors</u>	
626	Contributions	5,134
605	Other	645
<b>1,231</b>	<b>Total Member Debtors</b>	<b>5,779</b>



<b>4,362</b>	<b>Total Debtors</b>	<b>8,978</b>
	<u>Analysed By</u>	
4,264	Other Entities and Individuals	4,523
97	Local Authorities	4,207
1	Central Government Bodies	248
<b>4,362</b>	<b>Total Debtors</b>	<b>8,978</b>

<b>2022/23</b>	<b>Creditors</b>	<b>2023/24</b>
<b>£000</b>		<b>£000</b>
	<u>Investment Creditors</u>	
(895)	Management Fees	(912)
(0)	Purchase of Investments	(500)
(7)	Custody Fees	(8)
(17)	Other	(8)
<b>(919)</b>	<b>Total Investment Creditors</b>	<b>(1,428)</b>
	<u>Member Creditors</u>	
(717)	Benefits Unpaid	(759)
(823)	Other	(1,089)
<b>(1,540)</b>	<b>Total Member Creditors</b>	<b>(1,848)</b>
<b>(2,459)</b>	<b>Total Creditors</b>	<b>(3,276)</b>
	<u>Analysed By</u>	
(612)	Central Government Bodies	(775)
(1,847)	Other entities and individuals	(2,501)
<b>(2,459)</b>	<b>Total Creditors</b>	<b>(3,276)</b>

## Note 19 - Cash and Cash Equivalents

The cash balance can be further analysed as follows:

<b>Cash</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Royal Borough of Greenwich Pension Fund (UK Banks)	8,753	4,007
Royal Borough of Greenwich Pension Fund (Held at Custodian)	0	10
CBRE Cash at Hand	21	(4)
Blackrock	1	0
<b>Total Cash</b>	<b>8,775</b>	<b>4,013</b>

<b>Cash Equivalents</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Royal Borough of Greenwich Pension Fund	470	11,721
Blackrock	9	23
CBRE	15,888	13,474
<b>Total Cash Equivalents</b>	<b>16,367</b>	<b>25,218</b>

## Note 20 - Additional Voluntary Contributions

Contributing members have the right to make Additional Voluntary Contributions (AVCs) to enhance their pension. The Authority made such a scheme available to staff through Equitable Life. During 2000/01, Equitable Life announced itself closed to new business. On 23 December 2010, the Government passed an Equitable Life Bill to enable it to compensate Equitable Life policyholders who lost money due to the near collapse of the insurer in 2000. Since then, employees have had the option to pay current contributions into a Clerical Medical Fund. In accordance with section 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, AVCs are prohibited from being credited to the Local Government Pension Scheme and are thus not consolidated within the Fund accounts. However, a summary of the contributions made by members during the year and the total value of the AVC funds, as at 31 March 2024 are shown below:

2022/23 £000	AVC Contributions	2023/24 £000
165	AVC Contributions to Clerical Medical	174
<b>165</b>	<b>Total Contributions</b>	<b>174</b>

31 March 2023 £000	AVC Market Values	31 March 2024 £000
1,076	Clerical Medical Market Value	1,327
328	Utmost Life and Pensions Market Value	353
<b>1,404</b>	<b>Total Market Value</b>	<b>1,680</b>

## Note 21A - Related Party Transactions

The UK Government exerts a significant influence over the Fund through enacting the various Regulations (mentioned herein). It is a major source of funding for the Royal Borough of Greenwich (the Administering Authority and largest employer within the Fund). During the year, no trustees or Key Management Personnel of the Authority with direct responsibility for Pension Fund issues have undertaken any material transactions with the Pension Fund, other than the following:

- Administrative Services were undertaken by the Authority on behalf of the Fund, under the SLA, valued at £1.148m (2022/23: £0.980m)..
- The Royal Borough of Greenwich is the single largest employer of members of the pension fund and contributed £35.850m to the Fund in 2023/24 (2022/23: £33.090m). In 2023/24, £2.997m was outstanding at year end in relation to contributions due from the Royal Borough of Greenwich
- With respect to other Scheduled Bodies, an amount of £0.661m was owed to the Fund by Academies at year-end for contributions due.
- The Royal Borough of Greenwich Pension Fund is a Member of the London Collective Investment Vehicle (LCIV). As at the reporting date, Councillor Olu Babatola was the Fund's representative on the Board and the deputy was Councillor Nick Williams. In 2023/24, administration and management fees of £0.201m were paid to this organisation.

## Note 21b – Key Management Personnel

### Key Management Personnel Remuneration

The Key Management personnel of the Fund are the Director of Finance (Section 151 Officer), the Chair of the Pension Fund Investment and Administration Panel and the Pension Investment Manager. The total remuneration payable to key management personnel is set out below:

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
75	Short-term benefits	79
46	Post-employment benefits	61
<b>121</b>		<b>140</b>

## Note 22 – Commitments

The Fund has commitments in relation to its private market funds. These commitments are drawn down in tranches over time, as and when the managers request them. As at 31 March 2024, the Fund had £50.352m of commitments outstanding (31 March 2023: £59.519m). These are not required to be included in the Accounts.

## Note 23 – Events after reporting period

There were no significant events between the balance sheet date and the approval of these financial statements which would require disclosure or adjustment of the statements.

## The Council's Accounting Policies

### General

The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which states that the Accounts are to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the "Code") based upon International Financial Reporting Standards (IFRS). The Statement of Accounts has been prepared on a going concern basis. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. Many values throughout the accounts are rounded to the nearest £000, as such tables and notes may not appear to cross-cast or exactly match the sum of the individual items.

### Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of contracts and services is recognised in-line with the consumption of performance obligations.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Revenue for the provision of contracts and services is recognised in line with IFRS15.

### Acquired Operations

Acquired operations are those that the Authority has acquired during the reporting period as a result of the reorganisation of local government, or the transfer of services acquired as a consequence of legislation. The Authority will account for these in accordance with IAS 1 if material, and disclose any comparative amounts, if applicable.

## Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than a three month period from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

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

### Change in Accounting Policy

Policies are the principles used to prepare the financial statements. A change in policy generally originates from the accounting standards although it could come from being able to provide more relevant and reliable information. These are normally processed retrospectively, although in some cases can be prospective, where stated.

### Change in Accounting Estimate

This is an adjustment of the carrying amount of an asset or liability resulting from new information. These are processed prospectively in the current and future reporting periods.

### Prior Period Adjustment

This is a material omission or misstatement that could reasonably have been accounted for in the preparation of the accounts for the previous reporting period. This is processed through retrospective restatement of the accounts by amending the opening balances and comparative amounts for the prior period. A note to the accounts will be included for prior period adjustments where necessary.

## Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue (the Minimum Revenue Provision) towards the reduction in its overall borrowing requirement equal to an amount calculated

on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are, therefore, replaced by the contribution from the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## Employee Benefits

### Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service in the Statements at the earlier of the following dates:

- when the Authority can no longer withdraw the offer of those benefits
- when the Authority recognises costs of a restructuring and involves the payment of termination benefits.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### Post-Employment Benefits

Employees of the Authority are members of three separate pension schemes:

- The NHS Pension Scheme
- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)
- The Local Government Pension Scheme, administered by the Royal Borough of Greenwich or the London Pension Fund Authority (LPFA).

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority. However, the arrangements for the NHS and Teachers Schemes' means that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The relevant cost of services line in the Statements is charged with the employer's contributions payable to the NHS and Teachers' Pensions schemes in the year.

#### The Local Government Pension Scheme

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

- The liabilities of the Royal Borough of Greenwich and LPFA pension funds attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices based on the Single equivalent discount rate (SEDR). Under this approach, rather than discount future cashflows with a single discount rate equal to the spot rate on the yield curve, this approach estimates the single equivalent rate that would produce the same liability as discounting each individual projected cashflow using a yield curve for AA rated bonds.
- The assets of the Royal Borough of Greenwich and LPFA pension funds attributable to the Authority are included in the Balance Sheet at their fair value:
  - for quoted securities – current bid price
  - for unquoted securities – professional estimate
  - for unitised securities – current bid price, except where only a single price is available in which case, net asset value
  - for property – market value.
- The Authority have opted to restrict the LPFA funded surplus to its total future service cost and take account of the asset ceiling, over the remaining lifetime of the active membership of the LPFA fund (on the accounting basis at the accounting date).

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



## Discretionary Benefits

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

## **Events after the Reporting Period**

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

### Adjusting

Those events that provide evidence of conditions that existed at the end of the reporting period. Where material, the financial statements and notes are amended to reflect the impact of the events.

### Non-Adjusting

Those events that are indicative of conditions that arose after the reporting period. The financial statements are not amended to reflect the events, but additional explanatory notes are provided.

## **Income from Taxation and Social Housing Rents**

Revenue relating to social Housing Rents, Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses). Council Tax and Business Rates are accounted for in accordance with IPSAS 23 (i.e. non-contractual, non-exchange transactions). Housing rental income is shown within the Statements but local taxes collected as part of an agency arrangement (Council Tax and Business Rates) are not.

## **Material Items of Income and Expenditure**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Statements or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

## Fair Value Measurement

The Authority measures some of its non-financial assets such as surplus assets, investment properties and assets held for sale and some of its financial instruments at fair value at each reporting date. 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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the 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

## Financial Instruments

Financial instruments are recognised in the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

### Financial Liabilities

Financial liabilities are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Statements for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged within the Statements is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Statements in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down in the Statements are spread over the life of the loan by an adjustment to the effective interest rate. Where premiums and discounts have been charged to the Statements, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Statements to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### Financial Assets

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

- Financial assets held at 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 authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### Expected Credit Loss Model

Allowances for impairment losses have been calculated for amortised cost assets, using the expected credit loss model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES.

Changes in the value of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they occur.

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.

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.

## Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Realised gains or losses are recognised in the Financing and Investment Income and Expenditure line.

## 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 Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. Monies advanced as grants and contributions are shown as liabilities on the Balance Sheet until outstanding conditions are satisfied. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants). Where capital grants are credited, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## Community Infrastructure Levy

The authority has elected to charge a Community Infrastructure Levy (CIL), which is applied to chargeable developments with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy is used to fund infrastructure projects in accordance with the amended Community Infrastructure Levy Regulations.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement and subsequently transferred to a useable reserve until required to fund the capital projects in accordance with the accounting policy for government grants and contributions set out above.

## Heritage Assets

Where an asset is primarily retained for its contribution to knowledge and culture, it is designated as a heritage asset. However, where an asset is in operational use then it is classified accordingly, rather than as a heritage asset. Heritage Assets are recognised and measured in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The collection, as a whole, is relatively static and acquisitions and donations are infrequent. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at valuation, ascertained by the museum's staff, utilising professional valuation organisations where appropriate. Where material, these items are reported in the Balance Sheet, with items in excess of £10,000 being individually disclosed. In relation to the Authority's overall asset base, values are relatively low and, as such, revaluations are not undertaken frequently due to the high cost of the process involved in valuing a diverse set of assets and the lack of comparative values. The items themselves are enduring in nature and, therefore, are not depreciated. The carrying amounts of heritage assets are reviewed when there is evidence of impairment. Any impairment is recognised and measured in accordance with the Authority's general policy on impairment. The proceeds of any disposals are disclosed separately in the notes to the financial statements and are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment.

## Highways Infrastructure Assets

Infrastructure assets include carriageways, footway and cycle lanes, tracks and structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals and bollards), traffic management system and land which together form a single integrated network. The Authority has elected to adopt the 'Accounting for Infrastructure Assets – Temporary Solution', in accordance with CIPFA Bulletin 12 issued in January 2023

## Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority. Intangible assets are measured initially at cost and are carried thereafter at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s). An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s). Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line. Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## Interests in Companies & Collaborative / Joint Arrangements

In accordance with IFRS 10, 11 and 12 the Authority has assessed the level of control it exerts with those organisations deemed to be within the group boundaries and categorised them accordingly and where appropriate, interests shown at book cost. This process has led to the conclusion that entries in relation to the preparation of Group Accounts are not material and therefore not required. Details of the categorisation of entities, with further description relating to their composition and activities, are provided in note 28. Those activities in relation to joint committee activities are deemed to be outside of joint arrangement accounting.

## Inventories

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

## Investment Properties

Investment Properties are held solely for rental income and capital appreciation and are initially measured at cost. Investment Properties are not depreciated but subsequently revalued at the reporting date and held at the highest fair value achievable via an arm's length transaction. Gains and losses arising from revaluations or disposals are posted to the Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Statement along with rental incomes.

Gains and losses arising from the revaluations and disposals are not permitted by statutory arrangements to have an impact on the General Fund Balance, and are therefore reversed out in the Movement in Reserves Statement and posted to the Capital Adjustment Account and Capital Receipts Reserve (where proceeds are greater than £10,000).

Property classifications are reviewed annually to ensure the definition of an Investment Property is met.

## Leases

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

## The Authority as Lessee

### Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability
- a finance charge (debited to the Financing and Investment Income and Expenditure line).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets. The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, unless another systematic basis is more representative of the benefits received by the Authority.

## The Authority as Lessor

### Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line as part of the gain or loss on disposal. The sale proceeds, representing the Authority's net investment in the lease, are credited to the same line in the 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 (long-term debtor) asset in the Balance Sheet. Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and

- finance income (credited to the Financing and Investment Income and Expenditure line).

The gain or loss presented on disposal is not permitted by statute to increase or decrease the General Fund Balance. The net investment in the lease is required to be treated as a capital receipt and the carrying value of the asset is posted to the Capital Adjustment Account. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve or the General Fund where the lease was entered into on or before 31 March 2010. 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 Movement in Reserves Statement.

### Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished.

### **Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

### **Property, Plant and Equipment**

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

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is



charged as an expense when it is incurred. A general de minimis level of £10,000 has been adopted for the inclusion of Property, Plant and Equipment, however specific items of expenditure may be capitalised below this level.

### Measurement

Assets are initially measured at cost, comprising:

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

The Authority does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement. Valuations are undertaken by a Chartered Valuation Surveyor and are made in accordance with the guidance from the Department for Levelling Up, Housing and Communities and the RICS Valuation-Professional Standards published by the Royal Institution of Chartered Surveyors. Valuations for use within the Accounts are sought by the Director of Finance from the Director of Regeneration, Enterprise and Skills. The relevant staff work in separate directorates, are professionally qualified and abide by their respective institute's ethical and other requirements. Dwelling and Non-dwelling assets are revalued at 31 March 2023. Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure and community assets and assets under construction – depreciated historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- The council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- surplus assets and assets held for sale – fair value, determined by the measurement of the highest and best use value of the asset.
- all other operational assets – current value, determined as 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value. Assets included in the Balance Sheet at current value are revalued to ensure that their carrying amount is not materially different from their current value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains (exceptionally, gains might be credited where they arise from the reversal of a loss previously charged to a service). Where decreases in value are identified, they are accounted for by:

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

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

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight line allocation over the useful life as estimated by a suitably qualified officer
- Depreciation is charged in the year of disposal, but not in the year of acquisition

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.

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for 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 balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s).

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

### Disposals and Non-current Assets Held for Sale

Assets held for sale are assets:

- immediately available for sale;
- where the sale is highly probable;
- actively marketed;
- expected to be sold within 12 months.

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. Schools held on the balance sheet are disposed for nil consideration when they transfer to Academy status. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts related to disposal of dwellings are subject to the pooling requirements and the RTB Retention Agreement. Receipts from non dwelling HRA disposals are retained by the Council for the purposes of affordable housing. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### Asset Classifications

The Authority has made judgements on the classification of Property, Plant and Equipment, Heritage, Investment, Held for Sale and Surplus assets. These judgements are based on the main reason that the Authority is holding the asset. If the asset is used in the delivery of services or is occupied by third parties that are subsidised by the Authority it is deemed to be a Property, Plant and Equipment asset. If there were no subsidy and/or a full market rent being charged this would indicate that the asset is an Investment Property. The classification determines the valuation method used.

## Schools

There are several types of school within the borough. The Code in relation to their recognition on the balance sheet is an area that has been supplemented by Technical Guidance and the authority has undertaken a review of schools on a case by case basis. The Authority recognises schools' assets on the balance sheet where future economic benefits or service potential associated with the school will flow to the authority. Control over service potential is based on control over use of assets over their useful life. The table outlines the types of school within the borough and whether they appear on the authority's balance sheet. Furthermore, schools held on the balance sheet are disposed for nil consideration when they transfer to Academy status.

School Type	On Balance Sheet
Community	✓
Voluntary Controlled (VC)	✓
Voluntary Aided (VA)	x
Trust	x
Foundation	x
Academies	x
Independent	x
Free schools	x

## Private Finance Initiative and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The Authority has two PFI schemes (the provision of three Neighbourhood Resource Centres and two schools) where the assets are carried in its Balance Sheet (excluding one school which converted to academy status 2014/15). The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for

amounts due to the scheme operator to pay for the capital investment. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority. The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service
- finance cost – an interest charge on the outstanding Balance Sheet liability, and debited to the Financing and Investment Income and Expenditure line
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

## Provisions, Contingent Assets and Liabilities

### Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the year that the Authority 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. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. 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 Authority settles the obligation.

### Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the Accounts where it is probable that there will be an inflow of economic benefits or service potential.

## Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts.

## Reserves

The Authority's reserves are reflected in the Movement in Reserves Statement. They include reserves the Authority sets aside for earmarked purposes. An analysis of earmarked reserves is contained within Note 7.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

## Revenue Expenditure Funded from Capital under Statute

Legislation allows for some expenditure incurred during the year, which does not result in the creation or enhancement of a non-current asset, to be funded from capital resources that under normal accounting practice would be charged to Surplus or Deficit on the Provision of Services. Where it has been determined to meet the cost of this expenditure, usually grants and expenditure on property not owned by the Authority, from capital resources or by borrowing this is accounted for by debiting the Capital Adjustment Account and crediting the General Fund Balance and showing as a reconciling item in the Movement in Reserves Statement; such that there is no impact on the level of council tax. During 2022/23 the Council utilised the temporary Flexible Use of Capital Receipts directive, which permits the funding of one-off service transformation costs, that will result in on-going savings, from capital receipts.

## VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

# Royal Borough of Greenwich Annual Governance Statement 2023/24

## Scope of Responsibility

The Royal Borough of Greenwich (“RBG”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. RBG also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging its overall responsibility, RBG is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. RBG has in place a governance framework, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

This statement explains how RBG has complied with its governance framework and is also in line with The Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

## The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risks to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and therefore can only provide reasonable and not absolute assurance of effectiveness.

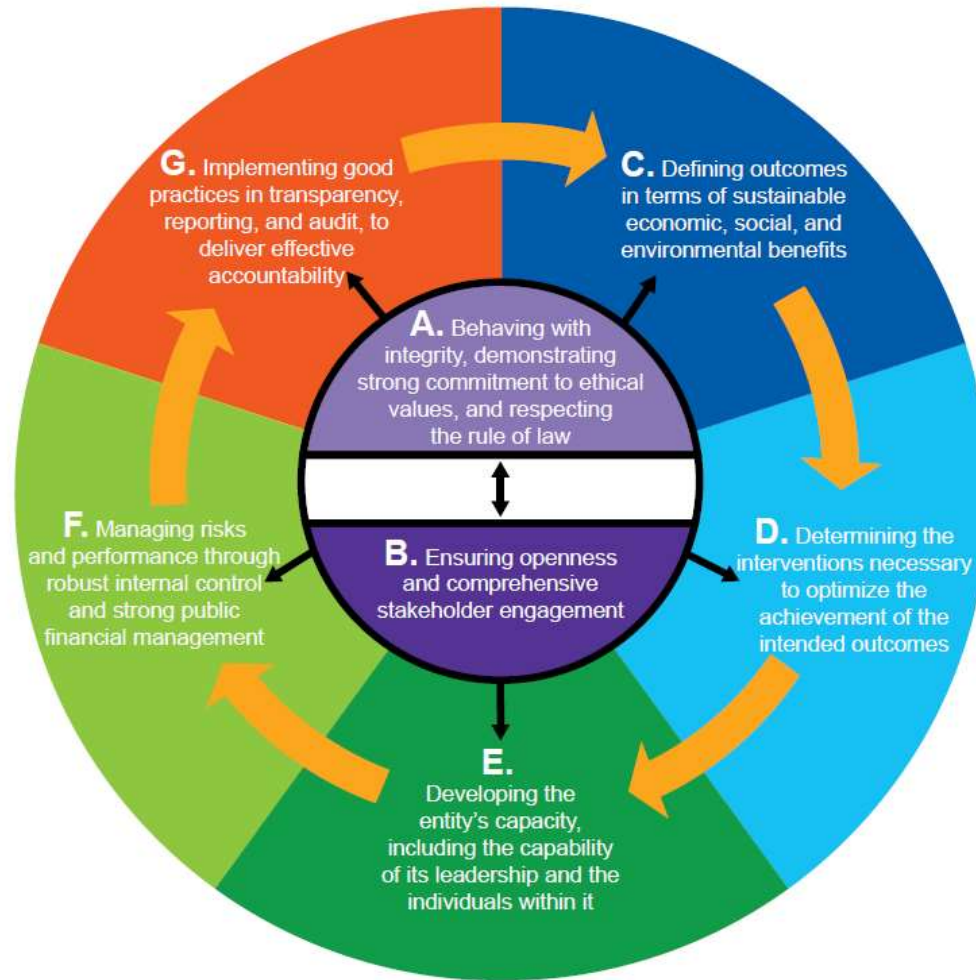
The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of RBG’s policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place in RBG for the year ended 31 March 2024 and up to the date of approval of the annual report and statement of accounts.

## The Principles of Good Governance

The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the ‘International Framework’), states that *to deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.*\*

Figure 1 illustrates the various principles of good governance in the public sector and how they relate to each other.\*\*



**Figure 1**

\* The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014)

\*\* Delivering Good Governance In Local Government: Framework \ 2016 Edition – CIPFA/SoLACE publication



## The Governance Framework

A brief description of the key elements of the governance framework RBG has in place is provided below.

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

### The Constitution

RBG's Constitution sets out the basic rules governing its business, including the rights of citizens and how the key parts of the Council operate. It also includes how decisions are made; roles and responsibilities of functions, members and management; and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

The constitution contains Codes of Conduct for Officers and Members; rules of procedure including Financial Regulations, Contracts Procedures, Access to Information Procedures; Scheme of Delegation; Purpose and Powers of the Overview and Scrutiny Committee as well as roles and functions of the Full Council, Cabinet and Officers; and Members Allowances Scheme.

In addition to monitoring and reviewing the operation of the Constitution to ensure its aims and principles are given full effect, the Monitoring Officer maintains and ensures an up-to-date version of the Constitution is widely available for consultation by members, staff and the public.

Full details of RBG's Constitution including all updates made to date can be viewed on the Council's website via the link <https://www.royalgreenwich.gov.uk/>

RBG also has a corporate Whistleblowing Policy and Anti-Fraud and Anti-Corruption Policy.

All Staff, at all levels across the Council, are responsible for ensuring laws and regulations are complied with and that all Council policies are implemented in practice.

B. *Ensuring openness and comprehensive stakeholder engagement*

### Stakeholder Engagement – (Have Your Say)

RBG believes in transparency and actively engages with stakeholders as part of its decision making process.

A corporate report template is used for all decisions and the format of the template is designed to ensure that all appropriate issues have been considered and stakeholders consulted.

RBG takes a strategic approach to consultation and public engagement. Public consultations to gain the views of local residents and businesses on policy are carried out and an overview of the Council's consultation and engagement activities for the year can be viewed on the website via the link <https://www.royalgreenwich.gov.uk/>

In addition to this, RBG operates a petition scheme and stakeholders are actively encouraged to participate in the Council's scrutiny process and meetings and to comment on projects.

RBG also uses social media such as Twitter, Facebook and YouTube to communicate with all sections of the community and stakeholders. In addition, Council meetings are open to the public.

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

### **Vision and Priorities**

RBG has a clear Vision and missions for where it wants the borough to be by 2030. This will enable it to be purpose-led not task-led; accountable to its communities; and collaborative, empowered and innovative.

“Our Greenwich”, which is a corporate plan for the next four years, was developed with residents, partners and staff and is structured around five themes which are communities, people, place, economy, and organisation.

From time to time, the Council may also commission external review of particular risk areas to develop efficient and effective service delivery.

Full details of RBG’s Vision, missions and plan can be viewed on the Council’s website via <https://www.royalgreenwich.gov.uk/>

D. *Determining the interventions necessary to optimize the achievement of the intended outcomes*

### **Scrutiny & Interventions**

RBG operates various Committees and Panels such as the Overview and Scrutiny Committee, and six scrutiny panels, which support the work of the Cabinet and the Council.

The Panels scrutinise issues relating to performance management, value for money, holding the Executive to account, external bodies and tackling inequality. They also monitor the budget management and general performance of RBG Services.

E. *Developing the entity’s capacity, including the capability of its leadership and the individuals within it*

### **Training & Development**

RBG’s Standards Committee ensures that all Members of the Council have access to training in the member Code of Conduct, that this training is actively promoted, and that Members are aware of the standards expected from local councillors under the Code.

Agreeing overall pay banding and salary levels of various senior posts is a matter reserved for Full Council and the General Purposes Committee respectively.

The Council operates Performance Development Conversations (PDCs), which enable constructive conversations about performance and development to help employees reach their full potential. PDCs are a way to set employees clear objectives linked to the Council’s corporate and directorate service plans and they support career progression related to an employee’s current job as well as broader professional development.

A series of training courses and workshops are also in place to continue to support staff development.

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

**Managing Risks**

RBG's Risk Management Toolkit governs the corporate approach to risk management. This is supported by an annual Internal Audit Plan seeking to address areas of key risks across the Council.

In addition to various risk registers, which are reviewed, updated, and reported regularly, RBG's corporate reporting template includes sections to capture key risks, which ensures the impact on areas such as the Council's Vision and missions, legal and financial implications are considered by both report authors and decision makers.

Financially, RBG operates planning through its Medium-Term Financial Strategy and Capital Strategy, and Treasury Management Strategy. The operational expenditure is governed by the Contracts Procedures within the Constitution, and the Scheme of Delegation determines the appropriate authority required for different levels of expenditure, ensuring that appropriate oversight of spend is delivered in alignment with the Council's risk appetite.

The Audit and Risk Management Panel provides an independent assurance of the adequacy of the risk management framework and the associated control environment of the Council, including the effectiveness of the Internal Audit and Corporate Anti-Fraud functions. The Panel maintains an audit overview of RBG's Constitution in respect of financial regulations and codes of conduct and behaviour. The Panel considers the Council's audit arrangements for corporate governance and compliance with best practice.

The full Council is responsible for agreeing the authority's policy framework and budget which will be proposed by the Cabinet. Key elements in terms of financial planning include the corporate performance and development plan, the budget, and capital programme.

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

**Transparency & Accountability**

RBG's transparency requirements for decision-making is set out within the Constitution, and these processes are enacted and monitored by the Council's Governance and Legal teams.

A standard reporting template is used across the Council to ensure all decisions are afforded the same level of consideration and comparable information is available for all decisions.

RBG's Financial Procedures sets out the role and responsibilities of Internal Audit & Anti-Fraud with regard to the provision of an internal audit service and the prevention, detection and investigation of fraud and corruption perpetrated against the Council both internally and externally.

RBG operates an annual Internal Audit Plan, which is approved by the Audit & Risk Management Panel.

The Internal Audit Plan focuses on key areas of risk across the Council. In line with the Public Sector Internal Audit Standards (PSIAS), progress against the Internal Audit Plan and audit outcomes are reported regularly through the year to the Audit & Risk Management Panel.

The Head of Internal Audit also delivers an annual internal audit opinion.

RBG has resources and processes in place to deliver its statutory transparency and accountability roles within the Freedom of Information and Data Protection Acts, and to ensure full co-operation with all investigations such as by the Information Commissioner and Housing Ombudsman.

In addition to forthcoming decisions listed in a Forward Plan, reports, minutes of meetings and decisions taken are published and can be viewed on the Council's website via the link <https://www.royalgreenwich.gov.uk/>

## Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness.

The review of effectiveness is informed by the work of the executive managers within RBG who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit & Risk Management's annual report, and also by comments made by the external auditors and other review agencies and inspectorates (e.g., Ofsted and the Care Quality Commission) where applicable.

The annual report of the Audit & Risk Panel, covering the programme of work completed for 2023/24 shows that the Panel has undertaken its role effectively covering a wide range of topics and ensuring that appropriate governance and control arrangements are in place to protect the interests of the Council and the community in general.

Internal Audit provides independent assurance that systems operated within the Royal Borough are sound and effective and alerts senior management to areas of system weakness and makes recommendations for improvement.

The Internal Audit & Anti-Fraud Annual Performance Report, which provides the opinion of the Head of Internal Audit, and details the work undertaken by the Internal Audit team during 2023/24, can be viewed on the Council's website via the link <https://www.royalgreenwich.gov.uk/>. The report provides confirmation that Internal Audit provided an adequate level of internal audit coverage of material systems during 2023/24 and throughout the Royal Borough as a whole, there continues to be a sound control environment.

## Significant Governance Issues

The areas identified for improvement during 2023/24 are detailed in the table below.

Areas for Improvement	Department's Reported Progress (as at March 2024)	Status
<b>No Recourse to Public Funds (NRPF)</b>  There is an: <ul style="list-style-type: none"><li>• Anticipated further influx of EU Nationals who do not meet the threshold for receiving benefits and are unable to work for various reasons such as being elderly or having young children and unable to work or afford childcare (following Brexit)</li><li>• Anticipated Refugees from recent war torn areas such as Sudan, and other unforeseen</li></ul>	In 2023/24 the following actions were undertaken: <ul style="list-style-type: none"><li>• Confirmation of NRPF team establishment</li><li>• Recruitment to all NRPF team posts</li><li>• Regular budget monitoring (NRPF has no allocated budget)</li><li>• Establishment of the Greenwich Refugees Asylum Seekers and Migrants Group (GRAM) to oversee all strategic and operational matters relating to NRPF</li></ul>	Although this specific risk is considered to be adequately managed, NRPF remains an area of focus for 2024/25 ( <i>details set out in table below</i> )

Areas for Improvement	Department's Reported Progress (as at March 2024)	Status
<p>conflict zones or areas subject to increased refugees following natural disasters</p> <ul style="list-style-type: none"> <li>• RBG application for award for Borough of Sanctuary status, recently ratified by Cabinet, and subsequent launch of Greenwich Borough of Sanctuary Policy</li> </ul> <p>In addition to this:</p> <ul style="list-style-type: none"> <li>• NRPF work would benefit from increased funding of an immigration advisor at the Lewisham Refugee and Migrant Centre to support long supported clients who are unable to regularise their status due to inability to access legal aid.</li> <li>• Discussions are taking place with Housing in relation to procurement and management of appropriate housing for NRPF cases, as identified in the recent Internal Audit of NRPFT</li> <li>• Procurement of a generic Resettlement Support provider will enable faster response of new migrant groups identified for Resettlement – currently there are separate contractual arrangements for Syrian, Afghan and Ukrainian resettlement, funded through Resettlement grants</li> </ul>	<ul style="list-style-type: none"> <li>• Borough of Sanctuary (BoS) Policy and Strategy Launched</li> </ul>	
<p><b>Medium Term Financial Strategy (MTFS)</b></p> <p>The revised Medium Term Financial Strategy approved by Council in February 2023 identified the need to reduce the Council's 'budget gap' of £21.5m overall resourcing gap of 32.5m by 2026/27.</p> <p>The Council continues to have uncertainty about its future funding position and therefore the resources available to deliver services.</p>	<p>The Council in March 2024 set a balanced budget for 2024/25. A risk allowance of around 10% was built in to allow for savings delivery risk. Directors agreed the savings and a Programme Management Office approach to tracking delivery, alongside capacity created. There is also an increased monitoring frequency.</p>	<p>Although this specific risk is considered to be adequately managed, the MTFS remains an area of focus for 2024/25 (<i>details set out in table below</i>)</p>

Areas for Improvement	Department's Reported Progress (as at March 2024)	Status

Whilst generally satisfied with the effectiveness of corporate governance arrangements and the internal control environment, as part of continuing efforts to improve, the following additional matters have been identified for focus in 2024/25.

Governance Principle and Sub Principle	Area of Focus
<p><b>F.</b> Managing risks and performance through robust internal control and strong public financial management</p> <p><b>FI.</b> Managing risk</p>	<p><b>No Recourse to Public Funds (NRPF)</b></p> <p>The Council has a stable, fully staffed NRPF team with all work overseen by the GRAM which monitors global events that may have an impact on demand. Whilst the Council ensures full participation in all government schemes relating to specific groups affected, the following additional actions will be undertaken in 2024/24:</p> <ul style="list-style-type: none"> <li>• A revision of the strategy for Borough of Sanctuary</li> <li>• Continued monitoring of global events</li> <li>• Participation in all relevant LA Network groups to plan responses to changes in demand</li> </ul>
<p><b>F.</b> Managing risks and performance through robust internal control and strong public financial management</p> <p><b>FI.</b> Managing risk</p> <p><b>F4.</b> Strong public financial management</p>	<p><b>Medium Term Financial Strategy (MTFS)</b></p> <p>The MTFS, which is one of the largest risks in the Council's Strategic Risk Register, has further significant budget gaps in the medium term.</p> <p>The use of the risk reserves held by the Council to underwrite significant risks aligns to the message contained within the Government's "Local Government Finance Policy Statement 2023/24 to 2024/25" released in December 2022 and updated in December 2023 for which the Government stated "we encourage local authorities to consider how they can use their reserves to maintain services in the face pressures, taking account, of course, of the need to maintain appropriate levels of reserves to support councils' financial sustainability and future investment".</p> <p>2023/24 will utilise a proportion of the councils risk reserves, as reported to Cabinet in the revenue monitor. This report plans to replenish much of the sum utilised this year, from the Council Tax surplus.</p> <p>Further actions to be undertaken in 2024/25 include:</p>

Governance Principle and Sub Principle	Area of Focus
	<ul style="list-style-type: none"> <li>• Savings being tracked on monthly basis</li> <li>• More frequent monitoring</li> </ul> <p>The 2025/26 MTFS has been refreshed with clear integrated timetable.</p>

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements identified in our review of effectiveness (Significant Governance Issues) and will monitor their implementation and operation as part of our next annual review.

Signed:

Leader of the Council  
Dated: xx xx 2024

Signed:

Chief Executive  
Dated: xx xx 2024

## Glossary

### Accounting Policies

Rules and Practices are adopted by the Authority that dictate how transactions and events are shown.

### Accruals

Income and expenditure are recognised as they are earned or incurred, rather than when money is received or paid.

### Actuary

An independent professional who advises on the position of the Pension Fund.

### Actuarial Valuation

The Actuary reviews the assets & liabilities of the Pension Fund every three years.

### Amortisation

A measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period.

### Appropriation

The assignment of revenue for a specific purpose.

### Balance Sheet

A statement of recorded assets, liabilities and other balances at the end of an accounting period.

### Better Care Fund

A pooled budget between the Authority and the Clinical Commissioning Group.

### Business Rates

A tax on non-domestic properties.

### BSF

Building Schools for the Future.

### Capital Expenditure

Expenditure on new assets such as land and buildings or on the enhancement of existing assets so as to significantly prolong their useful life or increase their market value.

### Capital Receipts

Income received from the disposal of land, buildings and other capital assets.

### Carrying Amount

The amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

### CIPFA

Chartered Institute of Public Finance and Accounting

### Collection Fund Account

A fund operated by the billing authority into which all receipts of council tax and national non-domestic rates are paid.

### Community Assets



Assets that the Authority intends to hold in perpetuity, which have no determinable useful life and which may have restrictions on their disposal e.g. parks and historic buildings.

### **Comprehensive Income and Expenditure Statement (CSIE)**

Statement of net cost for the year of all the Authority's services, and how this cost is financed from government grant and local taxpayers.

### **Council Tax**

A tax on domestic properties introduced 1<sup>st</sup> April 1993 to replace the Community Charge.

### **CPI**

Consumer Prices Index – a measure of inflation.

### **Creditors**

Amounts owed by the Authority for goods and services received where payment has not been made at the date of the Balance Sheet.

### **Debtors**

Amounts owed to the Authority for goods and services provided but not received at the Balance Sheet date.

### **Defined Benefit Scheme**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

### **Defined Contribution Scheme**

A pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

### **Depreciation**

The loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

### **Earmarked Reserves**

Amounts set aside for a specific purpose or a particular service or type of expenditure.

### **Fair Value**

Fair value is defined as the amount for which an asset could be exchanged or a 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.

### **Finance Lease**

A lease that transfers substantially all the risks and rewards of ownership to the lessee. Assets under such leases are recognised as the lessee's property.

### **Financial Instruments Adjustment Account (FIAA)**

Provides a balancing mechanism between the different rates at which gains and losses are recognised under the Code and are required by statute to be met from the General Fund.

### **General Fund**

The account that summarises the revenue costs of providing services that are met by the Authority's demand on the collection fund, specific government grants and other income.

### **Gross Expenditure**

Total expenditure before deducting income.

### **Heritage Asset**

An asset with, historical, artistic, scientific, technological, geophysical, environmental or cultural significance.

### **Highways Network Asset**

A grouping of interconnected components, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Components include carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land.

### **Highways infrastructure asset**

Highways infrastructure assets are the elements that make up the highway such as roads, pavements, drains, bridges and street lights and road signs.

### **HRA**

This is the Housing Revenue Account, which includes the expenditure and income for the provision of rented dwelling. Items to be included are prescribed by the Local Government and Housing Act 1989.

### **IAS19**

IAS19 is a complex accounting standard, but is based upon a simple principle – that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. Following the adoption of IAS19, the net pensions asset/liability to be recognised is made up of two main elements:

- Liabilities – the retirement benefits that have been promised
- Assets – the attributable share of investments held to cover the liabilities.

### **IFRS**

International Financial Reporting Standards.

### **Impairment**

A reduction in the value of a fixed asset, as shown in the balance sheet, to reflect its true value.

### **Infrastructure Assets**

Non-current assets that cannot be easily disposed of, expenditure on which is only recovered by continued use of the asset e.g. highways and footpaths.

### **Investment Property**

A property which is held solely to earn rentals or for capital appreciation.

### **Liability Driven Investment (LDI)**

A form of investing in which the main goal is to gain sufficient assets to meet all liabilities, both current and future. This form of investing is most prominent with defined-benefit pension plans.

### **MTFS**

Medium Term Financial Strategy.

### **Minimum Revenue Provision**

Amount that the Authority has determined to set aside each year as a provision for the repayment of debt.

### **Net Book Value**

The amount at which Property Plant and Equipment are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

### **Net Expenditure**

Gross expenditure less income.

### **Non-Current Assets**

(In) tangible assets that result in benefits to the Authority and the services it provides for more than one year.

### **Non-Operational Assets**

Non-current assets held by the Authority but not used or consumed in the delivery of services e.g. investment properties and assets that are surplus to requirements.

### **NRC**

Neighbourhood Resource Centre.

### **Operating Lease**

A lease other than a finance lease. Allows the Council use of the leased asset, but not ownership.

### **Outturn**

Actual income and expenditure for a financial year.

### **Precept**

The charge made by one authority on another to finance its net expenditure.

### **Private Finance Initiative (PFI)**

Government initiative under which the Authority buys the services of a private sector supplier to design, build, finance and operate a public facility.

### **Provision**

Amounts set aside for any liability or loss that is likely to be incurred, but where the exact amount and date is uncertain.

### **PWLB**

Public Works Loans Board (advances loans to local authorities).

### **Rateable Value**

The value of a property for rating purposes set by the Valuation Office Agency, an executive agency of HM Revenue and Customs. Business rates payable are calculated by multiplying the rateable value of the property by the rate in the pound set by the government.

### **Reserves**

The net worth of the authority (the sum of its net assets).

### **Revenue Expenditure**

Regular day-to-day running costs incurred in providing services e.g. employee costs and purchase of materials.

### **Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions, but does not result in the creation or enhancement of Authority owned assets.

### **Revenue Support Grant**

The main grant paid by central government to the Authority towards the costs of all its services.

### **RPI**

Retail Prices Index – a measure of inflation.

### **Section 151 Officer**

The Chief Finance Officer as set out under Section 151 of the Local Government Act 1972.

### **SoDoPS**

Surplus or Deficit on the Provision of Services.

### **Soft Loans**

Funds advanced or taken on at less than market rates.

### **Support Services**

Activities of a professional, technical and administrative nature, which support front line services.

### **The Code**

The Accounting Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

### **Teckal**

A company that carries out the essential part of its activities and in any case, more than 80% of its work, for the Authority, whereby the local authority exercises control over it similar to that which it exercises over its own departments.

### **Unusable Reserves**

Element of the net worth of the authority that is not generally cash backed i.e. they are not available to be used (e.g. Revaluation Reserve).

### **Usable Reserves**

Element of the net worth of the authority that is generally cash backed and set aside for specific purposes.