

London Borough of Waltham Forest

**DRAFT**  
**STATEMENT of**  
**ACCOUNTS 2022/23**



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## Preface from the Leader of the Council

While funding for local government has declined over the last decade, the cost of living has only continued to rise. This has become a major concern for the majority of our residents in Waltham Forest as reported by our resident insight survey. As a Council, we continue to do our best to support our residents and improve their access to opportunities.

In a time of crisis, we delivered 47 Community Living rooms throughout winter, a Community Front Door into the Council's financial support and advice offer and supported over 1,800 households with our community partners as part of our Cost of Living Programme.

We delivered a £4million package to provide a vital safety net for the most vulnerable and ensure no child in our borough went hungry.

Part of this offer was from a £600,000 windfall generated by the publicly owned North London Waste Authority which we are using to carry out retrofit measures on 2,000 homes.

We did all this while keeping open the everyday services that residents rely on – such as bin collections, care homes, libraries, or support for the homeless.

The smooth and effective delivery of these services is central to the daily lives and wellbeing of residents.

Despite the pressures created by the cost-of-living crisis, we have continued to generate investment; with University of Portsmouth opening a London campus in Waltham Forest, adding over £300million to the local economy, including jobs and skills.

We have also successfully secured one of the highest amounts of Levelling Up funding from DLUHC of any London borough - £39m in total.

We have supported over 3,000 refugees and asylum seekers through holistic support offered through language support, social integration, and employment.

This includes 60 unaccompanied asylum-seeking children looked after by us and more than 100 young people aged 18-25 being supported by our leaving care service.

We are working relentlessly to ensure all Waltham Forest residents have access to safe, high-quality affordable housing and we have one of the highest percentages of affordable housing delivered in all of London.

We have built 9,000 homes over 10 years and will continue working to provide homes to all residents.

The Safe Streets programme, a resident-focused approach toward tackling the problems that matter to residents on a day-to-day basis, has launched in two pilot locations – South Leytonstone and Chingford Mount.

We have worked in partnership with young people and community groups piloting youth hubs to give our young people a safe space where they can flourish.

Over the last year we have seen the pressures of the growing cost of living hit our borough hard. And with inflation having grown to a record high, so too are our costs continuing to increase, putting the future of our vital and transformative services at risk.

Which is why, in 2023/24 we must continue to build on our excellent record of financial management by further strengthening and diversifying our income sources. This reflects our duty as a responsible local authority to ensure we have the resources to deliver what residents and communities need now and in the future.



**Cllr Grace Williams**  
Leader of Waltham Forest Council

**SECTION – 1**

**REVIEW AND STATUTORY CERTIFICATIONS**

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## Narrative Report

### Introduction from the Strategic Director of Resources

I am pleased to introduce the Council's Statement of Accounts for the year ended **31 March 2023**. Like all local authority accounts they have been prepared in accordance with International Financial Reporting Standards (IFRS) and follow the format and layout prescribed in CIPFA's 2022/23 Code of Accounting Practice for Local Authorities ("the Code"). The Statement of Accounts has once again been produced promptly and to a very high standard and I would like to thank all Finance Staff across the Council for their hard work and commitment throughout the course of the year.

### Welcome to Waltham Forest!

Waltham Forest is a London borough with strong economic growth, vibrant communities, a thriving cultural and creative sector, and was the first-ever London Borough of Culture in 2019.

Located in the north-east of London, Waltham Forest features a mix of inner and outer London characteristics. The borough extends from beyond the North Circular and the Green Belt in the north, to the Queen Elizabeth Olympic Park in the south. The borough is strongly defined by the natural landscape with the Lea Valley to the west and Epping Forest to the east and north; two of the largest public spaces in London. The north of the borough is less densely populated with larger homes and an older population, while in the south the population is younger, more diverse and transient, with more people living in private rented accommodation. Identified as one of the capital's key growth areas by the Mayor of London, the borough is experiencing increased pressure on land to be used for employment and housing.

The borough is rapidly changing with development and regeneration bringing significant new housing and employment opportunities, and a thriving small business economy.



## Some Key Facts about the Area

### Population

- According to the Census 2021 population estimates by the ONS, Waltham Forest is home to a total of 278,400 people.<sup>1</sup>
- The GLA 2021 round of population projections estimate that the Waltham Forest population will increase to a total of 287,800 by 2026, an increase of 4.1%. The fastest growing group is projected to be those aged 18-21 (13.5%) and 65+ (15.5%). By 2050, it is estimated there will be 321,930 people living in Waltham Forest, an increase of 16.5%.<sup>2</sup>
- The net domestic migration continues to be negative, with increasingly more people born in the UK moving out of the borough than moving in.<sup>3</sup>
- Waltham Forest has a younger than average population with 24.5% of residents being aged 0-19 compared to 23% in London and 23% nationally. Like London, Waltham Forest also has a high proportion of working-age adults aged 16-64 (70.8% compared to 70% in London and 64.2% nationally). There are proportionately fewer people aged over 65 living in Waltham Forest (10%) compared to London (12%) and the UK average (18%).<sup>4</sup>
- Waltham Forest is one of the most ethnically diverse areas in London. Almost half (47%) of residents are from a minority ethnic background (other than White British/Irish) compared to 46% in London as a whole. The 47% is made up of the following groups; Asian 19.9%, Black 14.9%, Mixed 6.4% and Other Ethnic Group 5.8%.<sup>5</sup>
- The White Other group that includes arrivals from EU accession countries has more than doubled in recent history from 6% to 15%. The percentage of residents from an Asian background has also increased from 15% to 21% as has the number of Black/Black British residents from 15% to 17%.<sup>6</sup>
- Waltham Forest is the 12th most deprived borough in London and was ranked 82nd out of 317 local authorities in England in 2019 for deprivation.<sup>7</sup>
- Almost half (45%) of children in Waltham Forest are estimated to be living in poverty as of 2020<sup>8</sup>, above the London (35%) and UK (27%) average.<sup>9</sup>

### Economy and Employment

- As of September 2022, more than 140,000 working age residents (71.4%) are in employment. This is below the London average of 75.8%.<sup>10</sup>
- Waltham Forest residents have a median household income of £36,000. This places Waltham Forest 19th out of 33 London boroughs in terms of income. Residents have a higher income than England (£31,500). Compared to ten years ago, income in Waltham Forest has grown by £9,000 (34%)<sup>11</sup>
- There is a large range of incomes across Waltham Forest. Typically, those living in the north of the borough earn more than those in the south.

<sup>[1]</sup> [Waltham Forest Statistics about the borough](#)

<sup>[6]</sup> [Waltham Forest Statistics about the borough](#)

<sup>[11]</sup> <https://www.walthamforest.gov.uk/council-and-elections/about-us/statistics-about-borough>

<sup>[2]</sup> <https://www.walthamforest.gov.uk/council-and-elections/about-us/> <sup>[7]</sup> [National Statistics English indices of deprivation 2019](#)

<sup>[3]</sup> GLA 2017-based population projections (central trend scenario)

<sup>[8]</sup> [Trust for London](#)

<sup>[4]</sup> [Waltham Forest Statistics about the borough](#)

<sup>[9]</sup> [Action for Children](#)

<sup>[5]</sup> Office for National Statistics

<sup>[10]</sup> [Waltham Forest Statistics about the borough](#)



## Some Key Facts about the Area (continued)

- The Claimant Count is the stock of Universal Credit and Job Seekers Allowance claimants. Prior to COVID-19, Waltham Forest had relatively low levels of universal credit claimants (3.3%), slightly above the London average. The number of claimants is currently 5.6% (September 2022), 0.8% higher than the London average (4.8%).<sup>12</sup>
- Waltham Forest has had strong business and employment growth in recent years, in line with national and regional trends<sup>13</sup>. Waltham Forest had a total of 12,135 business enterprises registered with HMRC for Value Added Tax and/or Pay As You Earn as of March 2021.<sup>14</sup>
- 94.3% of enterprises in Waltham Forest are micro businesses employing fewer than 10 people.<sup>15</sup>

## Housing

- Properties in Waltham Forest had an overall average price of £564,051 over the last year. Overall, sold prices over the last year were 6% up on the previous year and 14% up on the 2020 peak of £496,771.<sup>16</sup>
- There are around 100,000 homes in Waltham Forest and 60% are owner-occupied, an estimated 19.2% of households are rented from the Local Authority or a housing association. Over the next 10 years, there is an estimated 20,788 homes being built across Waltham Forest.<sup>17</sup>
- On average, residents could expect to pay an estimated 14 times their annual earnings on purchasing a home in Waltham Forest. The ratio of average house prices to average earnings more than doubled from 5.69 to 13.61 between 2002 and 2018.<sup>18</sup> This makes housing in Waltham Forest less affordable than in London as a whole.
- According to the Annual Population Survey, home ownership levels have been increasing over the past decade. 38.4% (~38,600) of households have bought through a mortgage (higher than the London average of 28.3%), with 23% (~23,200) being owned outright (in-line with London at 24.4%).<sup>19</sup>

## Some key facts about the Council

Waltham Forest Council has 60 elected members and is divided into 20 wards. The council operates a cabinet-style administration and Cabinet members meet monthly and make most administrative and political decisions. When required, decisions are taken to Full Council for approval or delegated to specialist, politically balanced Council committees.

## Did you know.....

### The Council is responsible for:

- 44 nurseries, schools and pupil referral units
- 6 swimming pools, gyms and leisure centres
- 79 parks, gardens, and open spaces
- Over 10,000 units of social housing
- Emptying bins for over 108,000 households each week

### It also:

- collects £212m Council Tax and Business Rates each year
- administers £115m in council tax support and housing benefit
- this year 4,000 adults received long-term funded social care
- maintaining 420km of roads, paths and verges
- Collected 61,000 tonnes of refuse and 28,000 tonnes of recycling and organic waste

<sup>12</sup> [Waltham Forest Statistics about the borough](#)

<sup>17</sup> [Waltham Forest Statistics about the borough](#)

<sup>13</sup> [ONS: UK business: activity, size and location](#)

<sup>18</sup> [Waltham Forest Statistics about the borough](#)

<sup>14</sup> [Waltham Forest Statistics about the borough](#)

<sup>19</sup> [Waltham Forest Statistics about the borough](#)

<sup>15</sup> [Waltham Forest Statistics about the borough](#)

<sup>16</sup> [Rightmove: House Prices in Waltham Forest](#)

## Our key achievements 2022/23

Over the past year we have worked closely with our residents to navigate tough economic circumstances, grow resilience in our communities and build a fairer, healthier borough.

The cost of living crisis has laid bare the stark realities of inequality but has also again shown us the incredible power of community in facing these new challenges.

Working across many of our services, in close partnership with voluntary and community organisations, we have targeted help where it is most needed and developed our Winter Spaces Network to support residents across the borough.

We have invested £4 million in our cost of living response, which includes direct financial support, support with retrofitting homes, and investment in community initiatives.

Building on the legacy of the State of the Borough in 2021, this year we took on two big projects focused on how we reduce inequalities in Waltham Forest:

(1) The ED! Making a Living summit brought together residents and community organisations to understand the challenges our residents face in finding good work making ends meet, as well as what the council, businesses and others have to do about it.

(2) We became the first London local authority to work with Sir Michael Marmot's Institute of Health Equity (IHE) on a ground-breaking piece of research on health inequalities in the borough, published in December 2022

The combination of these two in-depth explorations of inequality in our borough has already kicked-off a host of transformative work across the council, moving us towards a fairer and healthier Waltham Forest.

Residents' ideas and experiences have been at the centre of these projects, as well as through the Big Youth Conversation and in the development of our new neighbourhoods approach. Making sure we always create opportunities for people to take part means that we can bring about change in our borough together and in ways that feel meaningful for our residents.

In March we launched our new 15-Minutes Neighbourhoods Corporate Framework, setting out a new vision for the future of our borough that celebrates our local neighbourhoods and brings support closer. This brings together our priorities around inequalities, local culture, environment, and participation to ensure our residents have everything they need to lead happy, healthy lives within easy reach of their home. We want our communities to be more empowered, to lead and self-organise, and have the confidence to make the positive change they want to see.

Our new neighbourhoods approach focuses on three core themes: everyone taking part and fulfilling their potential, everyone benefitting from shared prosperity, and shaping the borough together. Below are some of the achievements we have made over the previous year towards these ambitions:



## Our key achievements 2022/23 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Everyone taking part and fulfilling their potential</b></p> <ol style="list-style-type: none"> <li>1. Create healthy neighbourhoods where people get the support they need</li> <li>2. Help people feel safe in their communities</li> <li>3. Tackle the unequal impacts of the Climate Emergency for residents, their homes and their neighbourhoods</li> <li>4. Create opportunities for young people to have a say in their own future and the future of their neighbourhood</li> <li>5. Celebrate and support culture in every community</li> </ol>	<p><b>Climate Emergency response:</b> Waltham Forest is committed to reaching net zero carbon emissions by 2030. To achieve this bold target, we need to translate ambition into action. In October 2022, we launched our Climate Action Plan setting out the 20 actions we will take to make this happen.</p> <p>In March 2022, we completed the first of those 20 actions. Through the Council's "Lower Bills, Warmer Homes programme", we have now reached our target of supporting 2,000 residents across the borough. For the most vulnerable residents, we have directly installed energy efficiency measures to save them money on their bills (up to £175 each, every year if we installed all of the measures) but also saving carbon emission</p> <p>We will continue to deliver on the other 19 actions, and now have a 7-person Climate team in place to help drive this agenda. But we can only do this by working together with residents, communities and businesses in the borough. Our aim is for Waltham Forest be the UK's leading borough for collective climate action and we started this by launching our Climate Resident Panel, in February, a representative group of residents that we will work closely and regularly with to guide our climate action.</p> <p><b>Equality, Diversity and Inclusion:</b> The EDI Strategy was co-created at every stage by working directly with residents who experience significant structural inequality, understanding their lived experience and handing over power and influence in agreeing solutions to drive change. In March 2022, our EDI Summit brought together 32 residents and VCS representatives to deliberate and agree upon 15 overarching recommendations to tackle inequality around the theme of making a living.</p> <p>The recommendations created by summit participants and the subsequent EDI Making a Living Strategy and Delivery Plan are fundamentally rooted in the insight and experiences of residents. In the delivery plan, almost 200 interventions have been developed to respond to the recommendations set out by residents at the Summit. These were developed across all council directorates and a range of services. The willingness of each service to implement interventions within their core funding or by identifying external funding streams, despite funding constraints, has been a welcome success in delivering the interventions and transforming the Council's approach to equalities and participatory working.</p> <p><b>Enjoy Waltham Forest programme:</b> Since beginning in 2014, the cycling focused Mini-Holland scheme has transformed into the more holistic Enjoy Waltham Forest programme. The scheme has created safer streets for walking and cycling and encouraged cycle journeys in the borough to more than double. We continue to expand on our projects to make Waltham Forest an even safer place for walking and cycling, and for everyone to enjoy.</p> <p><b>Safe Streets:</b> On 6th March the Council launched Safe Streets, a resident focused approach to tackling the problems that really matter to them day-to-day. It will see localised action by the Council and key partners, such as the Police, to tackle crime and anti-social behaviour in Chingford Mount and South Leytonstone. There is a particular focus on ensuring people feel safe when they are out in their local neighbourhoods by checking that lighting, CCTV coverage and line of sight are suitable. The pilot will run for four months in both areas before being evaluated for impact on crime and the fear of crime.</p> <p><b>Operation Monkash:</b> The ASB Team and Police Problem Solving Team were recently finalist for a national award from RESOLVE (the professional body) for ground-breaking work on cuckooing of vulnerable people by drugs gangs under the banner of Operation Monkash. This joint operation is a victims-first approach to tackling cuckooing which is a practice where people take over a person's home and use the property to facilitate exploitation. We work in partnership to safeguard victims and where necessary obtain Premises Closure Orders to prevent problematic individuals causing criminality or ASB at the address. Ongoing support is provided to the victim and local residents impacted by the behaviour. Over 30 Premise Closure Orders have been granted by the Court in the last 12 months.</p>

## Our key achievements 2022/23 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Everyone taking part and fulfilling their potential (continued)</b></p>	<p><b>Cost of Living Support:</b> Our cost of living response has been driven by services across the Council to target key vulnerable groups with financial support and work alongside the VCS to enable residents to access support within their neighbourhoods. We have worked with schools to support families in greatest need – including through food support during school holidays for families on Free School Meals and free breakfasts for primary school children. We have provided significant targeted and application-based financial relief through our Revenues &amp; Benefits service, with over £1m distributed to residents this winter. And we have worked closely with community partners to deliver support, including the establishment of our Winter Spaces Network which provided 47 warm, welcoming spaces for residents to relax, socialise and access support this winter.</p> <p><b>Life Chances and the Big Youth Conversation:</b> This year saw the fourth Big Youth Conversation in Waltham Forest. We worked with local schools and the Big Youth Conversation survey was completed by 1,422 of the borough's young people. There was a focus on the follow up engagement in the south of the borough to ensure we captured the voices from more young people across all parts of Waltham Forest. Additional focus groups were held in primary and secondary schools, WO sports and within some of our targeted youth provisions including with vulnerable young carers, children in care council, and leaving care champions.</p> <p><b>Achieving Outstanding Outcomes for Children:</b> Achieving Outstanding Outcomes for Children invested in additional capacity to manage increased demand for children's social care services. By using alternatively qualified social care staff, coupled with additional administrative support, we have created capacity for social workers to spend more time with families, helping them make sustainable changes and improving children's outcomes. Over the first 12 months of operation, nearly 50% of young people supported by the Edge of Care service 'stepped down' to lower levels of support while the overall proportion of care entrants who entered care in adolescence reduced by 11%. An additional decision maker is our Multi-Agency Safeguarding Hub that has helped share information more quickly and appropriately so that children get the right help when they need it. Additional business support officers are helping social workers review files, update basic data and take minutes. Social workers in these pilot teams have reduced their caseloads by 14%.</p> <p><b>Adults and older adults:</b> we have launched a new Early Help Directory which holds information about support and contact details for over 175 local partners and services, with plans to continue development. Early Help drops in, offering support including form filling, advice and signposting, support to access online services and winter spaces have been well established across the borough. The national Home Share scheme has now launched in Waltham Forest and is being promoted by the new ambassador. Work has continued with Age UK and sheltered accommodation partners in relation to Falls Prevention. Key achievements include over 100 residents have grab rails fitted in their homes and almost 500 residents have participated in tai chi classes to improve balance, general mobility and legs muscle strength. We have worked with our health partners to develop the Waltham Forest Heath and Care partnership, bringing key leaders from across the system in Waltham Forest to agree and work towards achieving local priorities. We are also active members of a number of programs of work with health colleagues to support safe and timely discharge from hospital and prevent unnecessary admissions.</p> <p>We have commissioned a new geographically based home care contract which was awarded to a smaller number of providers on a geographical basis. This will allow us to build a stronger partnership approach with providers and for them to build local relationships and connections. We have been working to reduce health and social care inequality and risk resulting from the disproportionate impact for Waltham Forest Residents with Occupational Therapy needs. This has included investing in additional capacity in the occupational therapy team and as a result, the waiting list for occupational therapy has been more than halved and resident satisfaction with the service has increased.</p> <p>Through partnership with the former CCG/now ICB, we secured the continuation of funding for the integrated hospital discharge system in 22/23 (government dedicated funding ended in 21/22). Over the last year, 2,866 Waltham Forest residents were supported by the Integrated Discharge Hub and our community services to get back home, or to a more appropriate care setting, from hospital.</p>

## Our key achievements 2022/23 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Everyone taking part and fulfilling their potential (continued)</b></p>	<p><b>Culture and Heritage:</b> The highly acclaimed exhibition, Althea McNish: Colour is mine was a highlight at the William Morris Gallery in the Summer, followed by a stunning exhibition of designs by Morris, Burne Jones and other Victorian artists and craftspeople telling the story of The Legend of King Arthur: A Pre-Raphaelite Love Story. As a result, the gallery attracted 118,000 visits during 2022 including 3,200 visits from school students. The Dialed In festival at Uplands Business Park attracted 1,600 in September. The event, which celebrates South Asian art and culture, took place across six stages, showcasing the wide-ranging musical styles existing within the South Asian community. In December, Cabinet approved the new Destinations Strategy and business plan which will build on the borough's strong foundation of being the very first London Borough of Culture. It sets out how the borough's culture offer will be developed to create thriving and sustainable venues across Waltham Forest, bringing benefits to residents and businesses and creating new opportunities for local young people to develop skills for future jobs in the creative sector.</p> <p><b>Healthy weight strategy:</b> We have conducted a large programme of resident engagement over the past year, culminating in the publication of a new 5 year healthy weight strategy. A new steering group structure has been put in place to take forward a plan of work to reduce obesity levels in children and adults and to reduce inequalities in obesity between groups in the borough.</p> <p><b>Contain Outbreak Management Fund:</b> The Contain Outbreak Management Fund (COMF) was originally intended to enable Local Authorities to fund the management of Covid-19 outbreaks, e.g. funding the Boroughs testing response; vaccine roll out support; and Communication and Engagement approach. Outside of this we have taken an innovative wider interpretation of the funding guidance to invest some c£3.2m into a range of projects and service responses that support residents and communities that have been more widely impacted on by the pandemic and the responses to control it.</p> <p>This has been invested in public health work addressing the impact of health inequalities and the impact of COVID-19. This has covered 65 projects across a range of directorates, such as:</p> <ul style="list-style-type: none"> <li>• Community Health Champions (engagement with communities to deliver community led solutions and co-production)</li> <li>• Parenting and children behavioural support and family resilience</li> <li>• Children and young people wellbeing and mental health support</li> <li>• Initiatives to address digital isolation</li> <li>• Services to support survivors of violence against women and girls (VAWG)</li> <li>• 'Check-in and Chat': a telephone contact, advice, information and sign-posting service, linking with ASC and children's services, to contact vulnerable people who may have low level needs. Explicitly links to the Boroughs prevention agenda.</li> <li>• Initial pump priming funding used jointly by Public Health and the Rough Sleeper Team to support vulnerable people who are homeless and rough sleeping to access Covid vaccinations</li> </ul> <p>COMF has also been used invested in range of community-based vaccination clinics delivering not just vaccinations but also wider multi-agency wrap around support; advice and information e.g. health checks; accommodation guidance; substance misuse support; warm clothing; food provision. This has delivered vaccinations to vulnerable communities but also focused in on health inequalities and access to wider health and social care services. This has resulted in a number of long term conditions and wider needs being picked up and referrals onto health and social care services.</p>
<p><b>Everyone benefitting from shared prosperity</b></p>	<p><b>Employment Business and Skills:</b> Employment Business and Skills have delivered a number of ambitious programmes designed in cooperation with local employers to improve the life chances of Waltham Forest residents, tackle unemployment, and help employers find the skilled workers they need.</p> <p>In 2022/23 the service engaged 3,000 residents via our Jobs Academies and Fair Deal Jobs programme, with over 360 going on to secure jobs. Academies are supporting people across the creative, digital hospitality and catering, construction, security, health and social care, HGV driving and education sectors. In all cases the pathway is helping residents increase their earning potential and secure work they would not have been able to access without the Council's influence, investment and employer connections. Our Business and Sector Growth Team have engaged 1,700 businesses, with over 600 receiving further business support activities predominantly via our Business Intellectual Property Centre 'Local' in Leytonstone.</p> <p>All programmes are highlighted in our new one front door for jobs <a href="http://www.walthamforestjobs.org">www.walthamforestjobs.org</a></p>

## Our key achievements 2022/23 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Everyone benefitting from shared prosperity</b></p> <ol style="list-style-type: none"> <li>1. Opportunities for socialising, leisure, and play in Waltham Forest that make our Borough a destination for all</li> <li>2. Design open and accessible public spaces for everyone to enjoy</li> <li>3. A range of support within easy reach, at every stage of residents' lives</li> <li>4. More affordable, quality homes for this generation and the next</li> <li>5. Quality learning, skills development and employment within easy reach</li> </ol>	<p><b>Apprenticeships offer:</b> The Council signed up 71 employees onto apprenticeships this year. The Data Academy is supporting employees to complete data apprenticeships from level 3 data technician to level 6 data scientist, developing new skills and knowledge to support residents while future proofing skill sets. The first Data Academy launched June 2022 with a second cohort planned for March 2023. We also launched a Business Transformation cohort in December 2022, in partnership both the data academy and business transformation projects, and in partnership with MultiVerse. Additionally, we created two Project Management Cohorts in April and August 2022, with Skills Academy, to support multiple areas of the Council with ongoing projects. According to our Digital Apprenticeship Portal, we have spent £945,181 of our levy on apprenticeships since April 1st 2022</p> <p><b>Affordable housing and the housing crisis:</b> The Council is leading the largest programme of homebuilding in a generation, creating homes for people at affordable prices. Despite the ambition of this programme, the housing crisis continues, we must act now and find new ways to support residents in housing need.</p> <p>The Waltham Forest Housing Commission is convening and examining evidence to focus on how to make the greatest impact for residents. The Commission includes an expert panel, with strong academic, policy, and sector-based expertise. The Commission are helping the Council refine our approach to housing delivery and growth and make recommendations on how to maximise the delivery of affordable housing in the future.</p> <p>Alongside this, we have commissioned an independent research organisation, PRD, to develop a comprehensive evidence base looking at the impact of the Council's housing approach over the last decade, and at the wider housing challenge.</p> <p><b>Coronation Square:</b> the Council's largest regeneration project being developed on the site of the existing Score Centre in partnership with Taylor Wimpey. Once completed, Coronation Square will deliver a flagship 15-Minute Neighbourhood investing in the community heart of Leyton. The project started on site in May 2021 and works have progressed at pace. Block E (67 new private sale homes) completed in December 2022, and the first residents have moved in. Phase 1 which sees the delivery of 429 new homes, the new public square, the sport and leisure centre, nursery, community facilities and commercial units is due for completion in 2024. Phase 2, consisting of 321 new homes, is due to complete in 2026. Once completed, Coronation Square will deliver a flagship 15-Minute Neighbourhood investing in the community heart of Leyton.</p> <ul style="list-style-type: none"> <li>• 750 new homes, including 272 shared ownership and 86 affordable rent</li> <li>• 137 local construction and supply chain jobs and 45 apprenticeships for local people to be created</li> <li>• New sport, leisure, health, community, and commercial facilities for the local community Over 11,000sqm of sports, leisure, community and commercial floorspace</li> <li>• A new public square with fountain and retail space</li> <li>• New Market Square to be designed around cultural activities</li> <li>• 200 additional new trees planted</li> <li>• Potential £54m GVA of social and economic return on investment.</li> </ul> <p><b>Fellowship Square:</b> 2022/23 has been a successful year for Phase II of Fellowship Square amidst challenging global and national conditions with works progressing well for new affordable housing and the delivery of important public realm improvements across the site. Demolition of The Magistrates and Sycamore House completed in late summer to enable the construction of Block B which will deliver 133 new homes including 61 affordable. The delivery programme was successfully re-phased with the Council's development partner, Countryside Partnerships, to mitigate global market conditions and rising inflation to protect the delivery of the scheme. The re-phased programme protects the Council's land receipt, combines the receipt into one single payment (down from 3) and brings forward the payment which was previously linked to the delivery of Willow House.</p>

## Our key achievements 2022/23 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Everyone benefitting from shared prosperity (continued)</b></p>	<p>Additionally, the new programme accelerates the delivery of the Queen Elizabeth II Commemorative Garden and a new Sensory Garden by 12 months. Work started in February 2023 and will complete by early Autumn 2023. A new Sustainable Urban Drainage Wetlands has been delivered in Chestnuts Field, reducing flooding across the site and improving biodiversity alongside a new all-weather footpath to increase usability of the field. The project successfully commenced the important transition to reduced onsite parking and adoption of more sustainable methods of transport, meeting one of its key Climate Emergency goals.</p> <p>Design Development has commenced for Willow House, the final phase of the programme which will deliver c. 140 new homes with 50% affordable, targeting a planning application submission in late 2023.</p> <p><b>Public Spaces and Events:</b> This year, we have welcomed 111,000 residents and visitors to enjoy the fountain and hosted over 300 activities and events in Fellowship Square. Headline events include Guy Fawkes night (4,500) the Christmas tree light up (2,600) East 17 performance (1,800) and Pride (2,500).</p> <p>23,000 enjoyed our Jubilee programme of celebratory events across the borough, including the Mile-long street party which involved 75 local organisations and businesses. This was complemented by 220 resident led street parties right across the borough, including a family activity pack.</p> <p>Over 440,000 visits have been recorded at the Walthamstow Wetlands.</p> <p><b>Adult Learning Service:</b> Waltham Forest Adult Learning Service is our direct provider of adult education and work-based training, committed to engaging local people in life-long learning by working with partners to promote participation, high-quality learning, and training.</p> <p>We have a fantastic community learning offer, bringing residents together. including classes in arts and crafts and creative skills. These have been used for social prescribing, for which the Council won a national award through the Festival of Learning.</p> <p>Adult Learning Service received a Good Ofsted report in January 2023 with some outstanding elements gives assurance to the 2,800 learners that have enrolled in accredited courses throughout this financial year.</p> <p><b>Digital Inclusion:</b> In 2023 we launched an ambitious Digital Inclusion programme to help tackle the personal, structural, and financial barriers that prevent some residents from engaging with digital technology. We see digital inclusion as key to addressing inequalities in residents' everyday lives and we want to ensure every resident has the skills, tools and support needed to thrive in an increasingly digital world.</p> <p>In line with the Mayor of London's Digital Access for All target, by 2025, we will ensure that everyone in our borough has the skills, tools and support to thrive in an increasingly digital world, leaving no one behind. We want to ensure that every resident has the skills, tools and support needed to thrive in an increasingly digital world.</p> <p>We have launched our Digital Inclusion Fund, funding between £1,000 and £9,999 for community groups in the borough to deliver projects designed to improve the digital inclusion of residents.</p>

## Our key achievements 2022/23 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Everyone benefitting from shared prosperity (continued)</b></p>	<p><b>Best Start in Life:</b> We have worked with partners to launch the Best Start in Life Strategy in 2022. Giving every child in Waltham Forest the Best Start in Life means ensuring that all parents and carers can access the support they need to help their children's growth and development. The Best Start in Life offer is delivered across the borough in Family Hubs, libraries and community spaces and delivered by Council services and our commissioned partners. Every family with a new baby in Waltham Forest will be delivered a new baby pack by their health visitor, to welcome them to the borough and to provide parents with practical information, advice and things to help with caring for baby</p> <p><b>Family Hubs programme:</b> Waltham Forest have been selected as one of 75 areas to take part in the Department for Education funded Family Hub programme. We are launching a new Family Hubs programme, bringing wrap around, accessible support services to families close to home. The Family Hubs programme is building on current Children and Family Centres and the Best Start in Life offer to support babies, children, and families. Family Hubs provide services and support throughout the borough. They are a one stop shop for all families, making accessing support and help easier and available when families need it. Plans include a range of support to be delivered and extended hours for family services. Family Hubs support families from pregnancy, through the child's early years and later childhood, and into early adulthood, giving all children the very best possible start in life.</p> <p><b>Healthy Child Programme:</b> The contract for the Healthy Child Programme (0-19) was recommissioned and a new provider, Tower Hamlets GP Care Group CIC, was awarded the contract. The service delivers health visiting to young children and families, including ante natal contact, new birth checks and health and developmental reviews up to age 5, and delivers school nursing from school reception age to young people aged 19, linking with a range of partners who support children and young people through their school years. The recommissioning of the Council's Best Start service (infant feeding, oral health and healthy weight for young children and families up to age 5) was also successfully recommissioned with the HCP. The incumbent provider, HENRY, was successful in the tender process. It is the intention to build on the existing integrated provision, linking HCP, Best Start and Children and Family Centre services and other partners such as Barts Health (providing midwifery and ante natal care) through the Family Hubs programme and model. Both contracts have significant social value commitments which will be monitored and report on by the Council's Social Value team</p>
<p><b>Improving the Borough together</b></p> <ol style="list-style-type: none"> <li>1. Resident ownership over their neighbourhoods through a New Deal on Participation</li> <li>2. Better use of data and insight to support communities, prioritise resources, and address challenges</li> <li>3. Local improvements that are right for each neighbourhood</li> <li>4. Lead and collaborate with local partners to deliver ambitious action</li> <li>5. Transform the Council to maximise the impact of 15-Minute Neighbourhoods</li> </ol>	<p><b>Communities and VCS Partnerships:</b> We have delivered a range of priority programmes in partnership with the Voluntary &amp; Community Sector (VCS). Together, we delivered a year-round programme of over 80 community events including the Windrush Festival in Fellowship Square. Through our Legends of the Forest programme, we have shaped new volunteering opportunities aligned to community priorities including Energy Legends who supported the delivery of our Lower Bills, Warmer Homes programme. We have delivered innovative projects with community partners to tackle shared challenges and inspire civic participation, including our Winter Spaces Network, targeted support and events for refugees and migrants, and volunteer-led wellbeing support through our health champions partnership with Leyton Orient Trust.</p> <p><b>Institute of Health Equity/Marmot Report:</b> The Institute for Health Equity (IHE) were commissioned to undertake research relating to health inequalities in Waltham Forest. The Institute engaged with residents, the council and other key stakeholders to inform the research findings. The IHE have now published their final report, A Fairer and Healthier Waltham Forest: Equity and the Social Determinants of Health in Waltham Forest which sets out a rich collection of data and a broad set of recommendations about how to reduce health inequalities in the borough. It emphasises the importance of the social and environmental factors that affect people's health, like housing, employment, and community. It also advocates for the importance of prevention and getting the right support to people at the earliest stage. We are working on a transformative programmes that can meet the recommendations in the report as well as the broader ambition of the work to build a health equity system in Waltham Forest.</p>



## Our key achievements 2022/23 (continued)

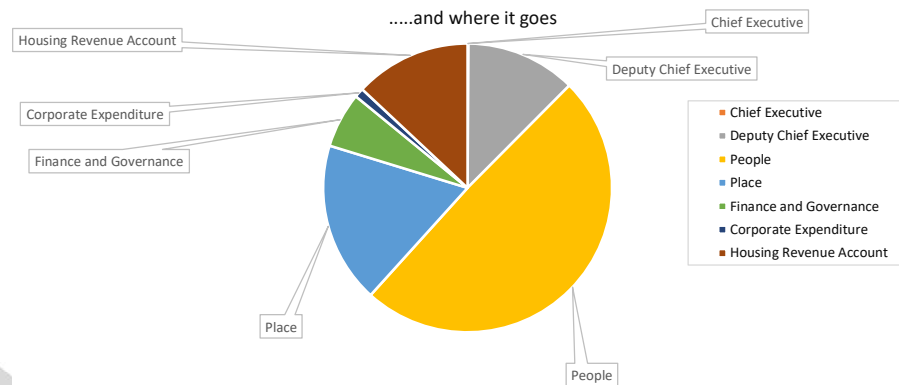
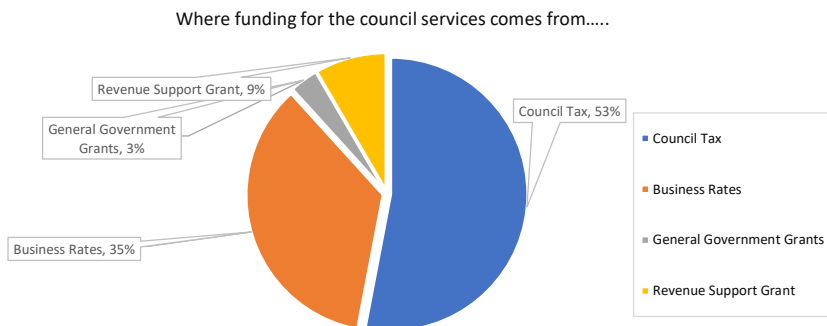
Immediate priority:	Achievements in the last 12 months:
Improving the Borough together (continued)	<p><b>EngagementHQ:</b> The Council has a new online engagement platform, EngagementHQ, that is helping to better facilitate two-way conversations between the Council, residents and communities. It has been successfully trialled through engagement projects for the Lea Bridge Area Framework and Walthamstow Cultural Quarter. It is helping empower residents to have a greater say and have even more involvement in decisions that shape their local areas and improve the services they use. EngagementHQ also serves as a platform to centralise and analyse engagement and consultations so data and insight is more readily available across the organisation and can be used effectively to drive better outcomes.</p> <p><b>Putting advice and support in easy reach:</b> we are working to join up our information, advice and guidance offer and direct more according to local need. To build resilience and reduce dependency on crisis support, we recognise the importance of having an accessible advice system with improved integration between housing, jobs and cost of living advice services and are working to create more opportunities for residents to access face-to-face advice in their community. This builds on the success of our Winter Spaces Network to ensure support is in easy reach of residents that need it most. Winter Spaces were delivered from a collection of community and Council venues across the borough, providing much needed support to thousands of residents from November 2022 to March 2023. A range of community settings went above and beyond to welcome people in their local area.</p> <p><b>Local Area Frameworks:</b> We are working together with residents in pilot areas across the borough to support the creation of 15-Minute Neighbourhoods. This is an ambitious and collaborative process to make improvements that are right for different neighbourhood and bring our Local Plan to life. Local Area Frameworks draw on the existing strengths, character, heritage, assets, and priorities of each area and develop hyper-local plans for improvement co-designed with local communities. Area specific projects will include a Child Friendly District in Chingford Mount and a new Cultural Quarter for Walthamstow. The Council have been successful with our £17.2m Walthamstow "Culture for All" bid, awarded as part of government Levelling Up. We are working together to achieve our shared ambitions for the future of our neighbourhoods, offering more ways for local people to get involved, designing exciting new projects, and making significant, positive differences to local communities.</p> <p><b>People Strategy:</b> In 2021 Waltham Forest Council published its People Strategy (2021-2025). Key achievements during 2022 included the delivery of a three step EDI programme: Facilitated group sessions for managers exploring Microaggressions and Prejudice in the workplace, EDI E-Learning training for all staff and a Big EDI Conversation between managers and their teams. With the ambition to develop an inclusive workforce culture the Council has taken further steps to increase employee accountability in mainstreaming EDI within our teams and services. During the last twelve months, Staff Networks have been allocated funding to deliver a robust, varied schedule of events that have raised awareness around intersectionality and the lived experience of marginalised groups.</p> <p>Training for managers and all staff has further complimented this approach by providing a formal bolt on to supporting allyship and inclusive working practices. To date, sessions include Neurodiversity Awareness for managers and an all staff introduction to Mental Health services.</p> <p>At the start of 2023, the Council launched an Equalities Board, chaired by the DCE Shazia Hussain, with senior representation from all directorates and staff network chairs. The board will play a key role in developing directorate specific EDI action plans in response to the Full Staff Survey and Big EDI Conversation of 2022</p> <p><b>Ethnicity Pay Gap Strategy:</b> In 2021 Waltham Forest published its Ethnicity Pay Gap Strategy (2021-25). Key achievements during the last twelve months include the delivery of a Future Leaders and Front Line Managers programme to support talent development and inclusive leadership.</p>



## Financial Performance

The General Fund working balance has remained unchanged at £14.9m and is equivalent to 7% of net expenditure. This is in line with the Council's current policy to maintain a working balance of £10m to £15m which is set aside to protect services and Council Tax payers from unexpected financial events.

A summary of where the Council's money comes from, and what it was spent on in 2022/23 is set out below.



Actual expenditure in 2022/23 was managed to within the overall budget. **Page 34** of the Statement of Accounts sets out net revenue costs by service area in 2022/23, and the Expenditure and Funding Analysis in **Note 8** provides further details of the Council's income and expenditure.

### Capital Expenditure

The Council spent £114.9m on its capital programme in 2022/23, against an agreed revised budget of £165.4m. The majority of the shortfall is due to slippage on projects; the remaining budget associated with these schemes will be carried forward into future years and rebaselined as part of the capital first review. The programme is financed from a variety of sources, principally capital grants and contributions, borrowing and capital receipts from the sale of Council assets.

Capital Expenditure Summary	2022/23 Expenditure £m
<b>DEPUTY CHIEF EXEC'S Directorate</b>	
ICT	5.4
Strategy Insight and Communities	0.0
Climate Emergency Funding	0.5
<b>PEOPLE DIRECTORATE</b>	
Adult Social Care	0.0
<b>PLACE Directorate</b>	
Neighbourhoods	6.4
Regeneration, Planning and Delivery	2.2
Property and Delivery	38.5
Schools Programme	14.4
Housing Delivery/Operations (General Fund)	11.8
Housing Delivery/Other (HRA)	12.0
Housing Assets (HRA)	23.7
<b>Total Capital Programme</b>	<b>114.9</b>

Capital Financing Summary	2022/23 Financing £m
Capital Receipts	13.8
Major Repairs Reserve	12.4
Capital Grants and Contributions	17.3
Capital Grants Unapplied	21.2
Direct Revenue Financing	1.3
Prudential Borrowing	48.9
<b>Total Capital Programme</b>	<b>114.9</b>

## Revenue Expenditure

A summary of the outturn of the General Fund for 2022/23 at Directorate level is set out below. The 2022/23 actual figures are compared with the revised budget.

	A	B	B-A
	Final Budget 2022/23	Actual Spend 2022/23	Variance from budget 2022/23
	£'000	£'000	£'000
Chief Executive	8	8	-
Deputy Chief Executive	13,946	14,568	622
Finance and Governance	10,721	10,300	(421)
People	144,454	158,107	13,653
Place	57,225	57,928	703
<b>Directorate Service Total</b>	<b>226,356</b>	<b>240,911</b>	<b>14,557</b>
Corporate Budgets	681	(9,352)	(10,033)
<b>Total Expenditure</b>	<b>227,037</b>	<b>231,559</b>	<b>4,524</b>
<b>Contribution to/(From Earmarked Reserves</b>	<b>-</b>	<b>773</b>	<b>773</b>
<b>Resources</b>			
Council Tax Income	(121,409)	(121,409)	-
NNDR Local Share	(26,370)	(32,784)	(6,414)
NNDR Top Up Grant	(49,439)	(48,439)	1,000
Collection Fund Surplus	(2,579)	(2,449)	131
Specific Government Grants	(27,238)	(27,251)	(14)
<b>Total Resources</b>	<b>(227,037)</b>	<b>(232,332)</b>	<b>(5,297)</b>
<b>Net Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Council approved its Medium Term Financial Strategy for 2022/23 to 2024/25 and detailed budget for 2022/23 at Budget Council on 3rd March 2022. The final Outturn position for 2022/23 is a net nil outturn after transferring £0.773 million into the Budget Strategy Reserve. This included an overspend of £14.557 million in Service Directorates, which was offset by underspends in Corporate Budgets and additional income in relation to Business Rates.

The Deputy Chief Executives Directorate had an overall overspend of £0.622 million, this was mostly due to overspends in Business Support and Libraries.

The Finance and Governance Directorate reported a net underspend of £0.421 million due to staff vacancies and additional funding received

The People Directorate reported an overspend of £13.653 million of this £3.523 million relates to an increase in the provision for bad debt. This overspend includes; Adults Social Care overspend of £11.290 million which predominantly relates to additional budget pressures on care placements and packages across all Adults Cohorts (both 18 to 64 and 65 plus), Children's Services overspend of £1.862 million, Special Education Needs and Disability Services overspend of £2.25 million and offset by underspends across the directorate including non Ring-fenced Public Health.

The Place directorate reported a net overspend of £0.703 million, this has been driven by additional costs associated with Anti-Social Behaviours service, income losses in commercial property services offset by an underspend in general fund Housing through effective control of overall homelessness numbers during the year, primarily by reducing the volume of households in Temporary Accommodation (TA).

## Balance Sheet

The Balance Sheet on **page 35** sets out the Council's assets and liabilities at 31 March each year:

2021/22		2022/23	
£'m		£'m	
2,365	Property plant and equipment	2,386	
57	Heritage assets	57	
9	Investment property	8	
2	Other long and short term assets	30	
32	Long and short term investments	39	
136	Debtors	125	
64	Cash and Cash equivalents	35	
<b>2,665</b>	<b>TOTAL ASSETS</b>	<b>2,680</b>	
(389)	Long and short term borrowing	(420)	
(168)	Creditors and receipts in advance	(141)	
(21)	Provisions	(12)	
(780)	Pension Fund liabilities	(386)	
(43)	Other long term liabilities	(35)	
<b>(1,401)</b>	<b>TOTAL LIABILITIES</b>	<b>(994)</b>	
<b>1,264</b>	<b>NET ASSETS</b>	<b>1,686</b>	

Property plant and equipment mostly consists of social housing stock plus other land and buildings used to deliver services. Further analysis of Council assets is provided in **Note 16**. A comprehensive, independent revaluation of all land and buildings has recently been carried out and the results are reflected in the balances shown above.

Most external borrowing (over 80%) is fixed rate loans from the Public Works Loan Board, averaging 3.79% interest rates and repayable between 2023 and 2072.

The Council's largest single liability represents staff pension entitlements. Other long-term liabilities relate to contractual commitments in respect of finance lease and service concession arrangements.

Provisions are set aside to cover future Business Ratepayers' appeals, insurance claims and potential litigation. **Note 37** provides details of any additional liabilities which are not included in the Council's accounts because the risk of any eventual payment seems remote.

The Council has maintained cash balances within target levels during 2022/23. A comprehensive cash flow and treasury management system ensures that surplus cash is invested wisely, that any new borrowing represents value for money, and that there is sufficient cash available to meet liabilities as they fall due.

## Usable and unusable reserves

Net assets in the Balance Sheet are matched by reserves which are classified as either usable or unusable. Unusable balances reflect statutory or accounting requirements and cannot be used to fund services. At 31 March 2023 total unusable reserves were £1,604m (£1,102m at 31/03/2022), see **Note 30** for further details.

Useable reserves on the other hand totalled £160m (£162m at 31/3/2022). This balance represents a combination of:

- Monies held on behalf of schools
- Funds earmarked for revenue or capital projects, see **Note 15**
- Working balances maintained to cover contingencies.

Current Council policy is to maintain a General Fund working balance between £10m to £15m, which is set aside to protect services and local taxpayers from unexpected events.

## The Collection Fund

The Collection Fund is a statutory fund in which the Council records the transactions for Council Tax, and Non-Domestic Rates. In 2022/23 the balance in the Fund relating to Non-Domestic Rates reduced by £18.546m deficit to a £2.755m surplus. In 2022/23 the balance in the Fund relating to Non-Domestic Rates reduced by £18.546m deficit to a £2.755m surplus. The 2021/22 deficit position for Non-Domestic Rates was as a result of Covid-19 reliefs and was compensated by central government. In respect of Council Tax there was an in-year surplus of £0.556m, increasing the overall surplus to £3.692m. The collection fund accounts can be found on page 115.

The collection rate for 2022/23 for Council Tax was 95.3% and the Business Rates collection rate was 95.1%.

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## Social Housing

The Council is required to prepare a separate account for social housing provision and to ensure that expenditure on repairs, maintenance and management is covered by rents and other charges for services and facilities. These transactions are set out in the Housing Revenue Account on **page 109**.

During 2022/23, 66 homes were sold under the Right to Buy scheme, 177 new build homes were created, 111 homes demolished, 11 sold at auction, 6 additional purchases including buy backs for demolition, and a stock reducing adjustment of 45 properties was done resulting in a total of 9,937 dwellings (9,987 as at 31 March 2022). The working balance on the Housing Revenue Account has increased from £5.4m to £6m during the year.



## Pension Fund

In addition to the Council, 62 other employers are members of the London Borough of Waltham Forest Pension Fund. These include, for example, local academy schools and not for profit organisations. The Pension Fund Accounts on **page 120** provide details of pension fund transactions during 2022/23.

The Fund held investment assets valued at £988.2m at 31 March 2023. (£1,037.82 at 31 March 2022). This portfolio is externally managed, and the most recent actuarial valuation has confirmed that the scheme was 81% funded as at 31 March 2022.

## Group activities

Investments in limited companies are not material so Group accounting is not required. Nevertheless, these activities do make a significant contribution to the borough. For example:

- 60 Bricks Limited have completed c299 homes as part of Phase 1 programme and expecting to build 5,000 new houses in Waltham Forest over the next 5 years.
- More Homes Waltham Forest has also been established in partnership with Mears Housing Management to provide temporary rented accommodation for homeless households
- WF Services Limited and WF Trading Limited offer Council support to local businesses

Oversight of company activities is exercised by control of voting rights and through corporate risk management processes which also cover partnerships and joint venture arrangements. Details of transactions with Group companies are set out in **Note 35**.

## Outlook and Future Issues

Setting the annual revenue budget has been a challenging process for a number of years, with significant Government Reductions in funding since 2010 coupled with increasing demand for services. So far, the Council has managed to use a combination of clear prioritisation, good financial planning, partnership working and procurement to deliver a balanced budget against the backdrop of continued funding reductions, a growing population and increasing demand for services. However, the position beyond 2023/24 is very uncertain.

Key risks have been identified as:

- Uncertainty about the Government's levelling up policy and the delays to the Fair Funding Review and Review of Business Rates Retention.
- Budget Pressures in demand led service areas due to continued demographic change, particularly children's services and adults social care
- The impact of high inflation levels over the last year and the impact should inflation not return to lower levels in the short term
- The impact of bank base interest rates
- Pressure on Housing Services due to the increasing shortage of affordable housing, increasing numbers of homeless households and the new responsibilities around Homelessness
- Slippage in delivery of identified savings plans
- Continuing pressure on schools funding leading to more schools falling into deficit

These risks will continue to be managed as follows:

- The Medium Term Financial Strategy is reviewed and updated throughout the year so that the Council can understand and manage its financial standing and associated budget risks. The regular review of General Fund and HRA balances, coupled with the rigorous monthly monitoring of revenue budgets against actual and forecast spending ensures that action is taken promptly to address budget pressures.
- The Council has an embedded process to manage risk and assist in the achievement of its objectives, alongside performance targets. The Corporate Risk Register plays an integral role to support delivery of the Council's priorities and is subject to quarterly review by the Audit and Governance Committee.

## Further Information

Further information about the Council's accounts is available from the Finance and Governance Directorate on Email: [CorporateFinanceGroup@walthamforest.gov.uk](mailto:CorporateFinanceGroup@walthamforest.gov.uk). The Council also publishes a wide range of other financial information including Summary Accounts, Budgets, the Medium Term Financial Strategy, a Council Tax Guide and the Annual Audit Letter on its website:

<https://www.walthamforest.gov.uk/content/council-finances>

The Council is constantly seeking to improve communications with citizens, businesses and other stakeholders, so please tell us whether this information meets your requirements or what changes or additional information you would find helpful.

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## Explanation of the Financial Statements

The **Statement of Responsibilities** sets out the respective responsibilities of the Council and Director of Resources.

The **Auditor's Report** gives the auditor's (Ernst Young) opinion of the financial statements and of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

The **Core Statements** are:

The **Comprehensive Income and Expenditure Statement (CIES)** records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of:

- Services and activities that the Council is required to carry out by law (statutory duties) such as planning, Highways, homelessness and housing benefits administration, and
- Discretionary expenditure focussed on local priorities and needs.

The **Movement in Reserves Statement (MiRS)** summarises the changes to the Council's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes.

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

The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year and whether that change is due to operating activities, new investment, or financing activities.

Disclosure Notes provide more detail about the transactions and balances set out in core statements, in particular:

- **Note 1** sets out the accounting policies that have been followed in preparing the accounts and how key accounting requirements have been met in practice
- **Note 6** compares the CIES with the levels of income and expenditure which are taken into account when setting the annual budget and Council Tax and provides a subjective analysis of the Council's income and expenditure.

The **Supplementary Statements** are:

- The **Housing Revenue Account (HRA)** - this separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
- The **Collection Fund** which summarises the collection of Council tax and business rates, and the redistribution of some of that money to the Greater London Authority (GLA) and central government.
- The **Pension Fund Accounts**, which reports the contributions received, payments to pensioners and the value of the net assets invested in the Local Government Pension Scheme on behalf of employees of the Council and other employers within the London Borough of Waltham Forest Pension Fund.
- The **Annual Governance Statement** which sets out the governance structures of the Council and an evaluation of its key internal controls.

A **Glossary** of key terms can be found at the end of this publication.

## Statement of Responsibilities

### The Council's Responsibilities:

The Council is required:

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

### The Strategic Director of Resources Responsibilities:

The Strategic Director of Resources is responsible for the preparation of the Council'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 Strategic Director of Resources has:

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

The Strategic Director of Resources has also:

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

### Issue Date

The date that these Financial Statements were authorised for issue was 22 June 2023. All known material events that have occurred up to and including this date which relate to 2022/23 or before have been reflected in the statements and notes.

### Certification by the Strategic Director of Resources

I can confirm that the Statement of Accounts have been prepared on the basis of providing a true and fair view of the Council's financial position as at 31st March 2023. As the external audit of the accounts for the years 2019/20, 2020/21 and 2021/22 have not been concluded, there is risk of potential amendments to the opening balances for the 2022/23 accounts. Therefore, for 2022/23, I can only confirm that the Council's income and expenditure presents a true and fair view for this financial year.

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Date

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Rob Manning  
Strategic Director of Resources

## Approval of the Statement of Accounts 2022/23

The Audit and Governance Committee of the London Borough of Waltham Forest, constituted on the basis of political balance, under delegation from full Council, approved the Statement of Accounts for 2022/23 on DD MMMM YYYY.

The Audit and Governance committee is the committee of the Council which is 'charged with governance' in accordance with the requirements of the Accounts and Audit Regulations 2012. It also receives the report of the external auditors, in person, under the same regulations at the end of their annual audit.

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Date

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**Councillor Jack Phipps**

Chair, Audit and Governance Committee

London Borough of Waltham Forest

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## INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON BOROUGH OF WALTHAM FOREST

Report on the Audit of the Financial Statements.

Opinion

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## SECTION – 2

### CORE FINANCIAL STATEMENTS

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#### Core Financial Statements

#### Page Number

- *Comprehensive Income and Expenditure Statement*
- *Movement in Reserves Statement*
- *Balance Sheet*
- *Cash Flow Statement*

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## Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement (CIES)** records all of the Council's revenue income and expenditure for the year. Expenditure represents a combination of statutory duties and discretionary spend focussed on local priorities and needs.

2021/22 RESTATED				2022/23			Note
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
268	-	268	Chief Executive	295	-	295	
38,762	(5,183)	33,579	Deputy Chief Executive	48,213	(7,431)	40,782	
433,945	(296,951)	136,994	People	474,654	(312,050)	162,604	
205,060	(120,711)	84,349	Place	167,838	(108,297)	59,541	
147,273	(132,131)	15,142	Finance and Governance	139,418	(119,013)	20,405	
14,057	(1,483)	12,574	Corporate Expenditure	5,016	(1,518)	3,498	
48,709	(64,509)	(15,800)	Housing Revenue Account	107,903	(64,912)	42,991	
<b>888,074</b>	<b>(620,968)</b>	<b>267,106</b>	<b>Cost of Services</b>	<b>943,337</b>	<b>(613,221)</b>	<b>330,116</b>	
		(2,132)	Other operating expenditure			5,499	5
		29,337	Financing and investment income and expenditure			37,646	6
		(259,438)	Taxation and non-specific grant income and expenditure			(270,077)	7
<b>888,074</b>	<b>(620,968)</b>	<b>34,873</b>	<b>(Surplus)/deficit on provision of services</b>	<b>943,337</b>	<b>(613,221)</b>	<b>103,184</b>	
		(4,650)	(Surplus) or deficit on financial assets measured at FVOCI			1,761	30d
		(13,755)	(Surplus) or deficit on revaluation of property, plant and equipment assets			(84,308)	30a
		10,954	Remeasurement of the net defined benefit liability			(442,799)	30e, 31
		<b>(7,451)</b>	<b>Other Comprehensive income and expenditure</b>			<b>(525,346)</b>	
		<b>27,422</b>	<b>Total Comprehensive income and expenditure</b>			<b>(422,162)</b>	

## Movement in Reserves Statement

The **Movement in Reserves** Statement shows the movement in year on reserve balances held by the Council.

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves*	Total Council Reserves	Note
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Balance at 1 Apr 2021</b>	<b>(14,906)</b>	<b>(134,147)</b>	<b>(3,318)</b>	<b>(28,843)</b>	<b>(2,672)</b>	<b>(183,886)</b>	<b>(1,107,268)</b>	<b>(1,291,154)</b>	
<b>Movement in reserves during 2021/22</b>									
(Surplus)/deficit on provision of services RESTATED	46,630	-	(11,757)	-	-	34,873	-	34,873	
Other Comprehensive income and expenditure	-	-	-	-	-	-	(7,451)	(7,451)	
<b>Total Comprehensive Income and Expenditure</b>	<b>46,630</b>	<b>-</b>	<b>(11,757)</b>	<b>-</b>	<b>-</b>	<b>34,873</b>	<b>(7,451)</b>	<b>27,422</b>	
Adjustments from income and expenditure charged under the accounting basis to the funding basis RESTATED	(39,540)	-	12,038	11,288	5,305	(10,909)	10,909	-	14
<b>Increase or (decrease) before transfers to earmarked reserves</b>	<b>7,090</b>	<b>-</b>	<b>281</b>	<b>11,288</b>	<b>5,305</b>	<b>23,964</b>	<b>3,458</b>	<b>27,422</b>	
Transfer to/(from) - earmarked reserves	(7,090)	12,694	(2,442)	-	(4,982)	(1,820)	1,820	-	15
<b>Balance at 31 Mar 2022</b>	<b>(14,906)</b>	<b>(121,453)</b>	<b>(5,479)</b>	<b>(17,555)</b>	<b>(2,349)</b>	<b>(161,742)</b>	<b>(1,101,990)</b>	<b>(1,263,732)</b>	
<b>Movement in reserves during 2022/23</b>									
(Surplus)/deficit on provision of services	46,576	-	56,608	-	-	103,184	-	103,184	
Other Comprehensive income and expenditure	-	-	-	-	-	-	(525,346)	(525,346)	
<b>Total Comprehensive Income and Expenditure</b>	<b>46,576</b>	<b>-</b>	<b>56,608</b>	<b>-</b>	<b>-</b>	<b>103,184</b>	<b>(525,346)</b>	<b>(422,162)</b>	
Adjustments from income and expenditure charged under the accounting basis to the funding basis	(31,813)	2	(57,987)	(17,076)	5,056	(101,818)	101,818	-	14
<b>Increase or (decrease) before transfers to earmarked reserves</b>	<b>14,763</b>	<b>2</b>	<b>(1,379)</b>	<b>(17,076)</b>	<b>5,056</b>	<b>1,366</b>	<b>(423,528)</b>	<b>(422,162)</b>	
Transfer to/(from) - earmarked reserves	(14,762)	18,403	858	1,904	(6,404)	(0)	0	-	15
<b>Balance at 31 Mar 2023</b>	<b>(14,905)</b>	<b>(103,048)</b>	<b>(6,000)</b>	<b>(32,727)</b>	<b>(3,697)</b>	<b>(160,377)</b>	<b>(1,525,517)</b>	<b>(1,685,894)</b>	

\* see **Note 30** for further details

## Balance Sheet

The **Balance Sheet** is fundamental to the understanding of the Council's financial position at the year end. It shows the value as at the Balance Sheet date of assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by reserves held by the Council.

2021/22 RESTATED		2022/23	
31-March-2022		31-March-2023	Note
£'000		£'000	
2,365,301	Property, Plant and Equipment	2,385,698	16
56,845	Heritage Assets	56,845	18
8,703	Investment Property	8,330	19
494	Intangible Assets	1,380	
4,255	Long-term Investments	1,400	21
23,410	Long-term Debtors	32,523	27
<b>2,459,008</b>	<b>Total Long-term Assets</b>	<b>2,486,176</b>	
28,024	Short Term Investments	37,555	21
1,073	Assets Held for Sale	28,936	
62	Inventories	60	
112,824	Short term debtors	92,842	27
63,841	Cash and Cash Equivalents	34,613	20
<b>205,824</b>	<b>Current Assets</b>	<b>194,006</b>	
(7,863)	Cash and Cash Equivalents	(4,497)	20
(103,311)	Short-term Borrowing	(52,528)	21
(161,657)	Short-term Creditors	(126,799)	28
(14,743)	Short-term Provisions	(5,729)	29
(6,196)	Grants Receipts in Advance – Capital	(14,602)	13
<b>(293,770)</b>	<b>Current Liabilities</b>	<b>(204,155)</b>	
(6,482)	Long-term Provisions	(6,226)	29
(278,160)	Long-term Borrowing	(362,914)	21
(780,074)	Pension Liability	(386,316)	31
(3,826)	Financial Liability (accumulated losses in companies)	(2,732)	
(3,902)	Finance lease liability	(3,900)	24
(34,882)	PFI Creditors	(28,040)	25
<b>(1,107,326)</b>	<b>Long-term Liabilities</b>	<b>(790,128)</b>	
<b>1,263,736</b>	<b>Net Assets</b>	<b>1,685,898</b>	
(161,742)	Usable Reserves	(160,377)	
(1,101,994)	Unusable Reserves	(1,525,521)	30
<b>(1,263,736)</b>	<b>Total Reserves</b>	<b>(1,685,898)</b>	

## Cash Flow Statement

The **Cash Flow Statement** shows the changes in cash and cash equivalents of the Council during the reporting period.

The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

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

2021/22 RESTATED		2022/23	
£'000		£'000	Note
(34,873)	Net surplus or (deficit) on the provision of services	(103,184)	
184,705	Adjustment to surplus or (deficit) on the provision of services for non-cash movements	167,899	32
(74,020)	Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	(62,873)	32
<b>75,812</b>	<b>Net cash flows from operating activities</b>	<b>1,842</b>	
(80,193)	Investing Activities	(54,831)	33
24,988	Financing Activities	27,127	34
<b>20,607</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>(25,862)</b>	
35,371	Cash and cash equivalents at the beginning of the reporting period	55,978	
<b>55,978</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>30,116</b>	20

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### NOTES TO THE CORE FINANCIAL STATEMENTS

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## Notes to the Core Financial Statements

### Note 1: Basis of Preparation

#### 1.1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts 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 2022/23, supported by International Financial Reporting Standards (IFRS).

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

### Note 2: Accounting Policies

#### 2.1. 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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) 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 relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.
- Accruals are recognised where the value exceeds £50,000 for both revenue and capital items.

The Council operates a civil parking enforcement scheme under the provisions of the Traffic Management Act 2004. Contractual arrangements in place since 2010 delegate all operational aspects of parking enforcement to NSL Limited, including the issue of penalty charge notices, collection of fines, and banking of monies obtained. Since the Council has no direct control over the issuing of PCNs and no legal entitlement to the income until it has been deposited in the Council bank accounts, enforcement income is accounted for on a cash basis and recognised as the net amount of receipts.

#### 2.2. Cash and Cash Equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. 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 Council's cash management.

#### 2.3. Minimum Revenue Provision (MRP)

The Council is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis by the Council or in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation charges are replaced by MRP by an adjustment between the General Fund and the Capital Adjustment Account in the Movement in Reserves Statement (MiRS) for the difference between the two.

## Note 2: Accounting Policies (continued)

### 2.4. Employee Benefits

#### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and 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 the relevant service line in the Comprehensive Income and Expenditure Statement (CIES) but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

#### **Termination Benefits**

Termination benefits are payable following a decision by the Council to terminate an officer's employment before their normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. Costs are charged on an accruals basis to the respective Service line in the CIES at the earlier of when the Council can no longer withdraw the offer of the benefits or when the Council recognises costs for a restructuring.

Where termination benefits include the enhancement of pension benefits, regulations require the General Fund to be charged with the amount payable to the pension fund rather than the amount calculated under accounting standards. Entries are made in the MiRS to transfer the accounting standards based entries to the Pension Reserve and replace these with the amount payable to the pension fund or pensioner.

#### **Post-employment Benefits**

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

- the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)
- the Local Government Pension Scheme (LGPS), administered by the London Borough of Waltham Forest.
- The NHS Pension Scheme, administered by NHS Business Service Authority

All the above schemes provide defined benefits to members (e.g. retirement lump sums and pensions), earned as employees working for the Council or for related parties.

However, the arrangements for the Teachers' scheme and the NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These 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 Children and Families, and the Public Health and Leisure services line in the CIES are charged with the employer's contributions payable to Teachers' Pensions and NHS Pensions respectively in the year.

#### **The Local Government Pension Scheme**

The LGPS is accounted for as a defined benefits scheme.

The liabilities of the London Borough of Waltham Forest Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.

**Note 2: Accounting Policies (continued)**

The assets of the London Borough of Waltham Forest Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price

Changes in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - Current service cost for the increase in liabilities arising from the service earned in the year is recognised as a charge in the CIES to the services for which the employees worked.
  - Past service cost arises from decisions taken in the current year relating to service earned in the previous year and is charged to Non-Distributed Costs in the Provision of Services in the CIES.
  - Net interest expense on the net defined benefit liability is charged to the Financing and Investment Income and Expenditure (FIIE) line of the CIES. It reflects the cost of unwinding the discount applied in calculating the defined benefit liability because members are one year closer to receiving their pension.
- Remeasurements comprising the return on plan assets and actuarial gains and losses are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure (OCIE).

The Council's contributions to the London Borough of Waltham Forest Pension Fund are charged to the General Fund via a transfer with the Pension Reserve via the MiRS in accordance with statutory requirements.

**Discretionary Benefits**

The Council provides discretionary post-employment benefits which arise from additional service for early retirements. These benefits are unfunded, with costs met directly from the Council's revenue account.

**2.5. Financial Instruments**

Financial instruments are recognised on the Balance Sheet when the Council 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 cashflow characteristics.

**Financial Liabilities**

The Council's financial liabilities are all classified as liabilities at amortised cost. They are initially measured at fair value and subsequently carried at amortised cost using the effective interest rate.

Financial liabilities are carried in the Balance Sheet at the outstanding principal repayable plus accrued interest. Interest is charged to the FIIE line in the CIES.

The fair value of Public Works Loan Board (PWLB) loans is calculated using the certainty rate published by the PWLB on 31 March 2023.

For non-PWLB loans the fair value is deemed to be the standard new loan rate also published by the PWLB on 31 March 2023.

Where premiums and discounts have been charged to the CIES, regulations require the impact on the General Fund Balance to be spread over future years. In line with statutory requirements where premiums and discounts have been charged to the CIES, they are transferred to the Financial Instruments Adjustment Account (FIAA) via an entry in the MiRS. The General Fund is then charged with 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 via a transfer from the FIAA to the MiRS.

## Note 2: Accounting Policies (continued)

### Financial Assets

Financial assets are classified based on the business model for holding the assets and their cashflow characteristics. The authority holds financial assets measured at:

- assets at amortised cost; and
- designated at fair value through other comprehensive income (FVOCI)

#### Financial Assets at Amortised Cost

Financial assets at amortised cost are initially measured at fair value and subsequently carried at amortised cost. For the Council this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest. Interest is credited to the FIIE line in the CIES at the effective interest rate of the instrument.

Any gains or losses on derecognition of an asset are debited or credited to the FIIE line in the CIES.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit loss model. Changes in loss allowances (including balances outstanding at the date of recognition of an asset) are debited/credited to the FIIE line in the CIES.

#### Financial Assets measured at FVOCI

Financial Assets that are measured at FVOCI are initially measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are charged to OCIE within the CIES and taken to the Financial Instruments Revaluation Reserve (FIRR).

FVOCI instruments with a surplus fair value are carried in the Balance Sheet as long-term investments, and FVOCI instruments with a deficit value are carried as Other Long-Term Liabilities in the Balance Sheet. On disposal of the asset any accumulated revaluation gains or losses on the instrument are credited or debited to the FIIE within the CIES by a transfer from the FIRR.

### 2.6. Government Grants and Contributions

Government grants and third-party contributions are recognised when there is reasonable assurance that:

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

Where conditions attached to grants or contributions have not been satisfied, monies received to date are carried in the Balance Sheet as creditors and credited to the CIES when the conditions are satisfied.

When conditions are satisfied, the grant or contribution is credited to the relevant service line or taxation and non-specific grant income and expenditure in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the general fund balance in the movement in reserves statement.

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 Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

## Note 2: Accounting Policies (continued)

### 2.7. Heritage Assets

Heritage assets are assets held and maintained principally for their contribution to knowledge and culture. The Council recognises war memorials, civic regalia and its historic artefacts and museum stocks in this category.

Heritage assets are recorded within the accounts at valuation arrived at by a reasonable basis. Insurance valuations, determined by our in-house experts with input from specialist external valuers where appropriate, have been used, along with estimated replacement costs for war memorials. The Council considers these assets to have an indefinite useful life and therefore depreciation is not applied.

### 2.8. Interests in Companies and Other Entities

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures. The value of these companies and entities is not material and therefore the Council is not required to prepare group accounts. In the Council's own single-entity accounts, the interests in these companies and other entities are recorded as financial assets at FVOCI.

### 2.9. Investment Property

Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but are revalued annually according to market conditions at the year end.

Revaluation gains and losses are recognised in the FIIE line in the CIES. The same treatment is applied to gains and losses on disposal. However, regulations do not permit unrealised gains and losses to impact the General Fund balance. Therefore, gains and losses are reversed via the MiRS and posted to the Capital Adjustment Account.

Net rental income together with any revaluation gains and losses or impairments are recognised in the FIIE line within the CIES.

### 2.10. 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 are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### *The Council as Lessee*

##### Finance Leases

Property, plant and equipment held under finance leases is recognised on the balance sheet at the start of the lease at the lower of fair value measured at the start of the lease or the present value of the minimum lease payments. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

## Note 2: Accounting Policies (continued)

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, and
- a finance charge (debited to the financing and investment income and expenditure line in the CIES).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Council 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 MiRS for the difference between the two.

### Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased assets. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease).

### *The Council as Lessor*

### Finance Leases

Where the Council 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 in the CIES as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), 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 in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the general fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the general fund balance to the capital receipts reserve in the MiRS. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the general fund balance to the deferred capital receipts reserve in the MiRS. When the future rentals are received, the 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.

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 therefore appropriated to the capital adjustment account from the general fund balance in the MiRS.

## Note 2: Accounting Policies (continued)

### Operating leases

Where the Council 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 CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

### 2.11. Overheads and Support Services

Where support services are a department in their own right, they are recognised in the CIES in line with the Council's departmental management structure. Otherwise overheads are recharged to services in accordance with the Council's arrangements for accountability and financial performance.

### 2.12. 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 Council 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.

Property, plant and equipment is recognised where the initial cost or value exceeds £20,000.

#### **Measurement**

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred while 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 Council). 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 Council.

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

Asset type	Measurement basis
Vehicles, plant and equipment, infrastructure, community assets	Depreciated historical cost
Council dwellings	Current value, determined using the basis of existing use value for social housing (EUV-SH)
Assets under construction	Cost
Surplus assets	Fair value, estimated at highest and best use from a market participant's perspective
School buildings and other specialised assets	Depreciated replacement cost which is used as an estimate of current value
All other assets	Current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)



**Note 2: Accounting Policies (continued)**

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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.

**Impairment**

Assets are assessed at each year-end for 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 credit balance for the asset in the Revaluation Reserve, the impairment loss is charged against that balance until it is used up;
- thereafter, if there is no credit balance for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

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

**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 using the straight-line method to allocate the cost or revalued amount of assets, net of their residual value, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- council dwellings - 55 - 60 years
- other buildings - 5 - 60 years
- vehicles, plant, furniture and equipment - 4 - 25 years

Where an asset is material and has major components, whose cost is significant (lower of 20% or £400,000) in relation to the total cost (de minimis of £2m) of the asset, the components are depreciated separately. This will only be considered and applied in cases where the omission to recognise and depreciate a separate component may result in material differences in the accounts and is not currently applied to dwellings.

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.

**Disposals**

When an asset is disposed of or decommissioned, the gain or loss on disposal is recognised in the Other Operating Expenditure line in the CIES. Gains and losses on disposals comprise the following elements:

- The capital receipt from the proceeds of the sale. Only receipts over £10,000 are classed as capital receipts. The capital receipt element of the gain/loss on disposal is transferred to the Capital Receipts Reserve via the MiRS;
- The carrying value of the asset disposed of or decommissioned, which is transferred to the Capital Adjustment Account via the MiRS;
- Any costs of administering the disposal

Any revaluation gains accumulated for the asset in the Revaluation Reserve are written out to the Capital Adjustment Account.

A proportion of capital receipts relating to housing disposals is payable to the Government.

## Note 2: Accounting Policies (continued)

### 2.13. Highways Infrastructure Assets

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

#### Recognition

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

#### Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost.

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

#### Depreciation

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

Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network are assessed as follows:

Part of the Highways network	Useful life
Carriageways, Footways and cycle tracks, Structures (bridges, tunnels and underpasses), Street lighting, Street furniture, Traffic Management systems.	20 years

#### Disposals and derecognition

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

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

### 2.14. Service Concessions

Service concessions (also known as PFI and similar contracts) are contracts to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The Council recognises the assets used under the contracts in its Balance Sheet within Property, Plant and Equipment because it both controls the services provided under these contracts and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge.

The 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 Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of services received during the year – debited to the relevant service in the CIES;
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the FIIE line in the CIES;
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the FIIE line in the CIES;
- 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); and
- Lifecycle replacement costs – a 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.

**Note 2: Accounting Policies (continued)****2.15. Provisions, Contingent Liabilities and Contingent Assets****Provisions**

Provisions are recognised where the Council has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

**Contingent Liabilities**

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities in a note to the accounts unless the outflow of resources is remote.

**Contingent Assets**

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

**2.16. Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance in the MiRS to the relevant earmarked reserve.

Where revenue expenditure is financed from a reserve a credit is made the General Fund or the HRA Balance from the relevant earmarked reserve via the MiRS.

**2.17. Revenue Expenditure Funded from Capital under Statute**

Legislation requires defined items of expenditure charged to services within the CIES to be treated as capital expenditure. All such expenditure is transferred from the General Fund balance to the Capital Adjustment Account via the MiRS and is included in the Capital Expenditure and Financing disclosure.

**2.18. Schools**

The Code confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the group accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

**2.19. VAT**

The CIES excludes amounts relating to VAT. VAT is only recognised as an expense if it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

## Note 2: Accounting Standards Issued but Not Yet Adopted

Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2023/24 Code).

This means that only the standards listed below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

The standards introduced by the 2023/24 Code where disclosures are required in the 2022/23 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

1. Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
2. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
3. Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021- only applicable to Councils with group accounts, not applicable to LBWF.
4. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.
5. IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year, not applicable to LBWF).

There are no changes in accounting requirements for 2023/24 that are anticipated to have a material impact on the Council's financial performance or financial position.

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

In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be materially impaired as a result of a need to close facilities and substantially reduce levels of service provision.
- School service concessions – the Council is deemed to control the services and the residual assets created under the contracts for Lammas School, Grouped Schools and Frederick Bremer School. The accounting policies for service concessions have been applied to these contracts and assets recognized on the Council's Balance Sheet.
- The Council has completed a school by school assessment across the different schools operated within the Borough in order to determine the individual accounting treatments. Judgements have been made to determine the arrangements in place and the accounting treatment of the Non-Current Assets. As a result, the Council recognises school assets for Community schools on the Balance Sheet. The Council does not recognise assets relating to Academies, Voluntary Aided (VA), Voluntary Controlled (VC) or Free Schools as the view has been adopted that these entities were deemed to be owned by the relevant Dioceses or Trust following consultation and review
- The Council has reviewed its partnership arrangements entered into under section 75 of the National Health Service Act 2006 and determined that the Better Care Fund is a non pooled fund and, therefore, only accounts for the Council's own expenditure and income in the relevant service line within the Comprehensive Income and Expenditure Statement.

## Note 4: Assumptions Made About the Future and Other Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council 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 Council's Balance Sheet as at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment - depreciation	<p>Assets are depreciated over useful lives that are dependent upon assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>Assets have been valued by the Authority's external valuers on the basis of 5 years rolling valuation programme. In the current economic climate, the Balance Sheet valuation of £2,386m may be subject to fluctuations.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £2.5m for every year that useful lives had to be reduced.</p> <p>If the asset valuation of all property plant and equipment were to fall by 1% a reduction in value of £23.9m would arise. This would normally be reversed to the Revaluation Reserve. Where revaluation losses exceed unrealised gains, the net loss would be charged to the Consolidated Income and Expenditure Statement and subsequently written off to the Capital Adjustment Account.</p>
Fair Value Measurements	<p>When the fair values of financial assets and liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or discounted cash flow model). The Council uses the "Investment Method" of valuation to measure the fair value of its investment properties.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties the valuation officer will use their expertise and experience).</p>	<p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels and the respective covenant strength of tenants. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties.</p>
Provisions	<p>The Council has made a number of provisions. Provisions are defined as probable future liabilities based on past events and therefore, there are inherent uncertainties related to amounts set aside as provisions. If future liabilities exceed the amount set aside in a provision, the additional expense would have to be met from the Council's revenue accounts.</p>	<p>An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would each have the effect of adding £1.2m to the provision needed.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effect on the net pensions liability of changes in individual assumptions can be measured. Variations in the key assumptions will have the following impact on the net liability:</p> <ul style="list-style-type: none"> <li>• A 0.5% increase in the discount rate will reduce the net liability by £82.9m</li> <li>• a 0.25% increase in inflation will increase the net liability by £44.4m</li> <li>• An increase of one year in longevity will increase the net liability by £23.9m</li> </ul>

**Note 4: Assumptions Made About the Future and Other Sources of Estimation Uncertainty (continued)**

Item	Uncertainties	Effect if actual results differ from assumptions
Arrears	At 31 March 2023, the Council had a balance of sundry debtors of £3.5m. Bad debt provision is reviewed annually and adjusted in accordance with current collection performance.	If collection rates were to deteriorate, a doubling of the amount of doubtful debts would require a doubling of the bad debt provision, which would be charged to the Council's Revenue Account.
Business Rates	The Council must meet its relevant share of backdated business rate appeals. A provision has been made within the accounts, utilising Valuation Office data and the analysis of successful appeals to date as at the end of the reporting period.	If the refunds payable are higher than the provision, the difference will reduce the balance on the Collection Fund and reduce the Council's share of business rates income in future years.

**Note 5: Other Operating Expenditure**

2021/22 RESTATED		2022/23
£'000		£'000
10,176	Levies	9,911
1,310	Payments to the Government housing capital receipts pool	(1,310)
785	Pension administration expenses	880
(14,403)	(Gains)/losses on the disposal of non-current assets	(3,982)
<b>(2,132)</b>	<b>Total</b>	<b>5,499</b>

**Note 6: Financing and Investment Income and Expenditure**

2021/22 RESTATED		2022/23
£'000		£'000
16,659	Interest payable and similar charges	19,078
15,191	Net interest on the net defined benefit liability (asset)	21,490
(1,623)	Interest receivable and similar income	(4,795)
(262)	(Income) and expenditure relating to investment properties and changes in their fair value	1,400
(628)	Changes in fair value of investment properties	473
<b>29,337</b>	<b>Total</b>	<b>37,646</b>

## Note 7: Taxation and Non-Specific Grant Income

2021/22		2022/23
£'000		£'000
(118,680)	Council tax income	(123,143)
(76,072)	Non-domestic rates income and expenditure	(81,937)
(18,908)	Revenue support grant	(19,491)
(4,913)	Non-ringfenced government grants	(7,761)
(9,334)	Covid-19 grants	-
(31,531)	Capital grant and contributions	(37,745)
<b>(259,438)</b>	<b>Total</b>	<b>(270,077)</b>

## Note 8: Expenditure and Funding Analysis

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

2021/22 RESTATED				2022/23		
Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund and HRA Balances		Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund and HRA Balances
£'000	£'000	£'000		£'000	£'000	£'000
268	5	273	Chief Executive	295	15	310
33,578	(2,201)	31,377	Deputy Chief Executive	40,782	(385)	40,397
136,995	(25,772)	111,223	People	162,737	1,978	164,715
84,349	(12,315)	72,034	Place	59,654	(22,531)	37,123
15,143	(9,410)	5,733	Finance and Governance	20,404	(891)	19,513
12,574	(1,081)	11,493	Corporate Expenditure	3,498	(267)	3,231
(15,801)	12,005	(3,796)	Housing Revenue Account	43,035	(65,155)	(22,120)
<b>267,106</b>	<b>(38,769)</b>	<b>228,337</b>	<b>Net Cost of Services</b>	<b>330,405</b>	<b>(87,236)</b>	<b>243,169</b>
(232,233)	11,268	(220,965)	Other Income and Expenditure	(227,221)	(2,564)	(229,785)
<b>34,873</b>	<b>(27,501)</b>	<b>7,372</b>	<b>(Surplus)/Deficit</b>	<b>103,184</b>	<b>(89,800)</b>	<b>13,384</b>
		(152,371)	Opening General Fund and HRA Balance			(141,838)
		3,162	Transfer to/(from) - earmarked reserves			4,499
		<b>(141,837)</b>	<b>Closing General Fund and HRA Balance*</b>			<b>(123,955)</b>

\* for a split of this balance between the general fund and the HRA – see the movement in reserves statement



**Note 8a: Expenditure and Funding Analysis (continued)**

2021/22 RESTATED					2022/23			
Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments		Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
-	5	-	5	Chief Executive	63	(47)	(1)	15
(1,152)	(1,061)	(13)	(2,226)	Deputy Chief Executive	6,344	(6,489)	(240)	(385)
(11,749)	(13,985)	(129)	(25,863)	People	27,662	(25,893)	209	1,978
(5,528)	(6,760)	(61)	(12,349)	Place	(13,163)	(9,492)	125	(22,530)
(4,147)	(5,234)	(45)	(9,426)	Finance and Governance	2,320	(3,247)	36	(891)
(460)	(616)	(5)	(1,081)	Corporate Expenditure	656	(923)	-	(267)
13,286	(1,273)	(16)	11,997	Housing Revenue Account	(62,161)	(2,943)	(52)	(65,156)
<b>(9,750)</b>	<b>(28,924)</b>	<b>(269)</b>	<b>(38,943)</b>	<b>Net Cost of Services</b>	<b>(38,279)</b>	<b>(49,034)</b>	<b>77</b>	<b>(87,236)</b>
-	-	11,442	11,442	Other income and expenditure from the Funding Analysis	(8,646)	-	6,081	(2,565)
<b>(9,750)</b>	<b>(28,924)</b>	<b>11,173</b>	<b>(27,501)</b>	<b>Difference between (Surplus)/Deficit and the CIES Statement (Surplus)/Deficit on Provision of Services</b>	<b>(46,925)</b>	<b>(49,034)</b>	<b>6,158</b>	<b>(89,801)</b>

**Note 8b: Expenditure and Funding Analysis (continued)****Adjustments for Capital Purposes**

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

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

**Net Change for the Pensions Adjustments**

This column adjusts for the net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

## Note 8c: Expenditure and Funding Analysis (continued)

### Other Statutory Adjustments

Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Financing and investment income and expenditure** the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

### Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- For **financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.
- For **taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for unringfenced government grants.

### Expenditure and income analysed by nature

2021/22 RESTATED		2022/23
£'000		£'000
	<b>Expenditure</b>	
291,958	Employee Benefit Expenses	296,473
515,851	Other Service Expenses	590,408
81,210	Depreciation, Amortisation, Impairment	73,170
31,692	Interest Payments	40,568
10,176	Precepts and Levies	9,911
1,310	Payments to the Housing Capital Receipts Pool	(1,310)
-	Losses on Disposals	-
<b>932,197</b>	<b>Total expenditure</b>	<b>1,009,220</b>
	<b>Income</b>	
(187,376)	Fees, charges and other service income	(209,553)
(2,513)	Interest and investment income	(4,795)
(194,752)	Income from council tax, non-domestic rates	(205,080)
(498,280)	Government grants and contributions	(482,625)
(14,403)	Gains on Disposals	(3,983)
<b>(897,324)</b>	<b>Total income</b>	<b>(906,037)</b>
<b>34,873</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>103,184</b>

## Note 9: Partnership Arrangements

Section 75 of the National Health Service Act 2006 gives powers for NHS bodies and local authorities to establish and maintain pooled funds out of which payment may be made towards expenditure incurred in the exercise of prescribed local authority and prescribed NHS functions.

### Better Care Fund (BCF)

Waltham Forest Council and Waltham Forest CCG are partners in the provision of integrated local health and social care systems. The Care Act 2014 amended the NHS Act 2006 to provide the legislative basis for the Better Care Fund and in accordance with Section 75 of the act, an agreement exists for the pooled fund between the Council and WFCCG for the 2022/23 financial year.

The pooled funds are hosted by the Council. All parties to the better care fund pooled budget agreement have joint control. The better care fund pooled budget is a joint arrangement solely for the purpose of working together, with no single body having power of control over the other parties to the agreement. Each partner then accounts for its share of income, expenditure, assets liabilities and cash flows in line with the agreement.

There are three work streams that oversee the delivery of the Better Care Together programme:

#### 1. Wellbeing

Objective: To provide the necessary support to local residents to support them with appropriate and timely information, advice and signposting as well as care in their homes to prevent their needs escalating. The target population are residents with lower level health and social care needs therefore the interventions will be time limited. We will work together with our housing and voluntary sector to develop new ways to access services and information to enable self-care.

#### 2. Integrated pathways

Objective: To ensure we have the right services at the right time and that resources are co-ordinated and deployed across the whole health and social care system in the best interests of ensuring Waltham Forest residents can stay in their home or return there as soon as possible following hospital treatment; maximising their independence and where possible their wishes.

#### 3. Strategic Enablers

Objective: To ensure that across all health and social care partners we have the right tools for the job, a shared understanding to use them and the resources to enable effective service delivery. The enablers have been scoped as core elements to the integrated care programme. They will be developed and carried out alongside the programmes.

### Improved Better Care Fund (iBCF)

The improved Better Care fund was announced in the Spending Review 2015; in addition to this a further improvement was announced in March 2017.

**Note 9: Partnership Arrangements (continued)**

The improved Better Care fund was announced in the Spending Review 2015; in addition to this a further improvement was announced in March 2017. The fund is held by Waltham Forest Council and supplements the work across the three work streams that oversee the delivery of the Better Care Together programme.

2021/22			2022/23	
BCF	iBCF		BCF	iBCF
£'000	£'000		£'000	£'000
		<b>Funding from:</b>		
(2,425)	(9,208)	L B Waltham Forest	(2,425)	(9,486)
(20,368)	-	Waltham Forest CCG	(21,521)	-
<b>(22,793)</b>	<b>(9,208)</b>		<b>(23,946)</b>	<b>(9,486)</b>
		<b>Expenditure</b>		
2,425	9,208	L B Waltham Forest	2,425	9,486
20,368	-	Waltham Forest CCG	21,521	-
<b>22,793</b>	<b>9,208</b>		<b>23,946</b>	<b>9,486</b>

**Note 10: Members' Allowances**

The Council paid allowances to its members in 2022/23 of £1.369 million (£1.318 million in 2021/22). Full details are available here:

<https://www.walthamforest.gov.uk/council-and-elections/about-us/council-budgets-and-spending/councillors-allowances-and-expenses>

**Note 10a: Exit packages and termination benefits**

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £20,000	22	14	18	31	40	45	415	238
£20,001 - £40,000	3	-	4	1	7	1	166	23
£40,001 - £60,000	-	-	-	1	-	1	-	50
£60,001 - £80,000	-	-	-	1	-	1	-	64
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
<b>Total</b>	<b>25</b>	<b>14</b>	<b>22</b>	<b>34</b>	<b>47</b>	<b>48</b>	<b>581</b>	<b>375</b>

## Note 10b: Officers' Remuneration

The remuneration of senior employees, defined as those who are members of Management Board, or those holding statutory posts is as follows:

2022/23	Salary including fees and allowances	Taxable Expenses	Total Remuneration excluding Pension costs	Employers Pension Contributions	Total Remuneration including Pension contributions	Notes
	£	£	£	£	£	
<b>Post holder information</b>						
Chief Executive - Mr Martin Esom	222,764		222,764	-	222,764	
Deputy Chief Executive	104,157		104,157	15,832	119,989	
Strategic Director of Finance & Governance	151,734		151,734	-	151,734	
Strategic Director of Place	164,114		164,114	24,945	189,059	
Strategic Director of People	163,539		163,539	24,858	188,397	
Director of Governance & Law	128,847		128,847	19,585	148,432	
Director of Public Health	122,291		122,291	18,588	140,879	1

Note 1: Section 57 of the Health and Social Care Act 2012 defines the Director of Public Health as a statutory chief officer by amendment to section 2(6) of the Local Government and Housing Act 1989, but is not a member of LBWF Management Board.

2021/22	Salary including fees and allowances	Taxable Expenses	Total Remuneration excluding Pension costs	Employers Pension Contributions	Total Remuneration including Pension contributions	Notes
	£	£	£	£	£	
<b>Post holder information</b>						
Chief Executive - Mr Martin Esom	221,821		221,821	-	221,821	
Strategic Director of Economic Growth	162,990		162,990	25,196	188,186	
Strategic Director of Finance & Governance	153,323		153,323	-	153,323	
Strategic Director of Resident Services	159,436		159,436	24,234	183,670	
Strategic Director of Families	156,822		156,822	23,837	180,659	
Strategic Director of Corporate Development	147,765		147,765	22,460	170,225	
Director of Governance & Law	127,549		127,549	19,700	147,249	
Director of Public Health	114,257		114,257	18,961	133,218	1

Note 1: Section 57 of the Health and Social Care Act 2012 defines the Director of Public Health as a statutory chief officer by amendment to section 2(6) of the Local Government and Housing Act 1989, but is not a member of LBWF Management Board.

**Note 10b: Officers' Remuneration (continued)**

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration band	2021/22 Restated*			2022/23		
	Number of employees			Number of employees		
	Schools	Non Schools	Total	Schools	Non Schools	Total
£50,000 - £54,999	39	115	154	48	138	186
£55,000 - £59,999	43	71	114	46	88	134
£60,000 - £64,999	38	52	90	38	68	106
£65,000 - £69,999	36	33	69	31	40	71
£70,000 - £74,999	26	25	51	27	38	65
£75,000 - £79,999	14	24	38	21	18	39
£80,000 - £84,999	9	9	18	10	6	16
£85,000 - £89,999	5	3	8	10	11	21
£90,000 - £94,999	7	13	20	4	10	14
£95,000 - £99,999	4	3	7	6	8	14
£100,000 - £104,999	3	-	3	4	8	12
£105,000 - £109,999	4	4	8	4	4	8
£110,000 - £114,999	-	9	9	2	2	4
£115,000 - £119,999	-	2	2	1	5	6
£120,000 - £124,999	1	4	5	-	4	4
£125,000 - £129,999	1	5	6	1	3	4
£130,000 - £134,999	-	3	3	-	3	3
<b>Total</b>	<b>230</b>	<b>375</b>	<b>605</b>	<b>253</b>	<b>454</b>	<b>707</b>

The figures do not include staff employed by academies.

## Note 11: External Audit Fees

The Council's external auditors for the audit of the Statement of Account in 2022/23 are EY LLP. The Council's external auditors for the certification of grant claims are Grant Thornton UK LLP. The Authority has incurred the following expenditure for services provided by the external auditors for the relevant year:

2021/22		2022/23
£'000		£'000
278	Fees payable in relation to the audit of the Statement of Accounts *	151
4	Fees payable in relation to certification of grant claims and returns	59
<b>282</b>		<b>210</b>

\* The audit work for 2020-21 and 2021-22 have not yet been completed and the final fee is still to be determined.

## Note 12: Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the Schools and Early Years Finance (England) Regulations 2017. Schools Budget includes elements for a range of educational services provided on an authority-wide basis and the Individual Schools Budget, which is divided into a budget share for each maintained school, funding for early years providers, and high-needs payments to providers.

In 2022/23 the authority has accumulated a deficit of £2,341k which has been transferred to a newly created DSG Adjustment Account as shown in Note 30. This is a statutory requirement under Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020.

2021/22			Schools budget funded by Dedicated Schools Grant	2022/23		
Central expenditure	Individual Schools budget (ISB)	Total		Central expenditure	Individual Schools budget (ISB)	Total
£'000	£'000	£'000		£'000	£'000	£'000
		285,672	Final DSG before Academy and high needs recoupment			294,396
		(113,201)	Academy and high needs figure recouped			(115,146)
		<b>172,471</b>	<b>Total DSG after academy and high needs recoupment</b>			<b>179,250</b>
		-	Brought forward DSG			
		-	Less carry forward agreed in advance			-
<b>5,103</b>	<b>167,368</b>	<b>172,471</b>	<b>Agreed Initial budgeted distribution</b>	<b>5,490</b>	<b>173,760</b>	<b>179,250</b>
37	(400)	(363)	In year adjustments		394	394
<b>5,140</b>	<b>166,968</b>	<b>172,108</b>	<b>Final Budgeted Distribution</b>	<b>5,490</b>	<b>174,154</b>	<b>179,644</b>
(5,097)	-	(5,097)	less Actual central expenditure	(5,378)	-	(5,378)
-	(168,833)	(168,833)	less Actual ISB deployed to schools	-	(173,843)	(173,843)
<b>43</b>	<b>(1,865)</b>	<b>(1,822)</b>	<b>In year Carry Forward to 2023/24</b>	<b>112</b>	<b>311</b>	<b>423</b>
-	-	<b>(942)</b>	DSG unusable reserve at the end of 2021/22			-
		(1,822)	Addition to DSG unusable reserve at the end of 2022/23			-
		(2,764)	Total of DSG unusable reserve at the end of 2022/23			(2,764)
		<b>(2,764)</b>	<b>Net DSG position at the end of 2022/23</b>			<b>(2,341)</b>

## Note 13: Grant Income

The authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement

2021/22		2022/23
£'000		£'000
	<b>Credited to Taxation and non-specific grant income</b>	
(18,908)	Revenue Support Grant	(19,491)
(2,107)	New Homes Bonus Grant	(2,250)
(12,139)	Other General Government Grants	(5,511)
<b>(33,154)</b>	<b>Total of Non-ringfenced government grants</b>	<b>(27,252)</b>
	<b>Capital grant and contributions</b>	
	- Basic Need (DfE)	(5,514)
(2,037)	Transport for London (TfL)	(1,593)
(3,269)	Capital Maintenance (DfE)	(2,787)
(3,637)	Local Community Infrastructure Levy Income	(6,980)
(5,783)	Other grants (government)	(3,577)
(8,205)	Other grants (non-government)	(7,779)
(8,601)	Other capital contributions	(9,514)
<b>(31,532)</b>	<b>Total Capital grant and contributions</b>	<b>(37,744)</b>
	<b>Credited to services</b>	
(73,996)	Rent Allowance: subsidy (DWP)	(67,197)
(12,786)	Rent rebates outside HRA: subsidy (DWP)	(10,477)
(20,238)	Rent rebates granted to HRA tenants: subsidy (DWP)	(19,411)
(1,305)	Housing Benefit and Council Tax Benefit admin grant DWP)	(1,242)
(32)	Further education funding 19+ (SFA)	(90)
(2,631)	Sixth Form Funding (DfE)	(2,835)
(8,407)	PFI special grant (DfE)	(8,407)
(172,708)	Dedicated Schools Grant (DfE)	(180,025)
(6,626)	Pupil Premium grant (DfE)	(6,929)
(6,664)	Flexible Homelessness Support Grant (MHCLG)	(6,027)
(7,905)	Adult Social Care Support Grant (MHCLG)	(10,748)
(9,207)	Improved Better care grant	(9,486)
(16,537)	Public Health Grant (DH)	(17,002)
(24,287)	Covid-19 revenue grants (government)	(579)
(22,301)	Other revenue grants (government)	(20,822)
(47,964)	Other revenue grants and contributions	(56,352)
<b>(433,594)</b>	<b>Total of Government Grant credited to Net Cost of Services</b>	<b>(417,629)</b>



**Note 13: Grant Income (continued)**

The Council has received a number of grants and contributions that have yet to be recognised as income, as they have conditions attached to them that could require the money to be returned to the awarding body. The balances as at 31 March 2023 are as follows:

2021/22		2022/23
£'000		£'000
(6,196)	<b>Capital grants receipts in advance</b>	<b>(14,602)</b>
	<b>Revenue grants receipts in advance (within short term creditors)</b>	
(19,919)	NNDR - MHCLG	(11,462)
(22,190)	Other government grants	(3,496)
(348)	Other non-government grants	-
<b>(42,457)</b>	<b>Total</b>	<b>(14,958)</b>

## Note 14: 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 Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

2022/23	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources</b>						
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>						
Pensions costs (transferred to (or from) the Pensions Reserve)	(46,099)	(2,943)	-	-	-	49,041
Financial instruments (transferred to the Financial Instruments Adjustments Account)	581	-	-	-	-	(581)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	5,980	-	-	-	-	(5,980)
Holiday pay (transferred to the Accumulated Absences Reserve)	(473)	(52)	-	-	-	525
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):	(46,634)	(101,830)	-	-	-	148,464
Movement in fair value of Investment Properties	(473)	-	-	-	-	473
Movement on DSG Adjustment Account	602	-	-	-	-	(602)
<b>Adjustments between Revenue and Capital Resources:</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	27,819	21,808	(31,054)	-	-	(18,572)
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserves)	-	-	-	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	(221)	221	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	12,354	-	(12,354)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	7,598	-	-	-	-	(7,598)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,333)	-	-	-	-	1,333
<b>Adjustments to Capital Resources:</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	13,757	-	-	(13,757)
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	12,356	-	(12,356)
Application of capital grants to finance capital expenditure	20,618	12,896	-	-	5,056	(38,569)
Cash payments in relation to deferred capital receipts	-	-	-	-	-	-
<b>Total Adjustments</b>	<b>(31,814)</b>	<b>(57,987)</b>	<b>(17,076)</b>	<b>2</b>	<b>5,056</b>	<b>101,820</b>

**Note 14: Adjustments Between Accounting Basis and Funding Basis Under Regulations (continued)**

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

2021/22 RESTATED	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources</b>						
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>						
Pensions costs (transferred to (or from) the Pensions Reserve)	(27,652)	(1,272)	-	-	-	28,924
Financial instruments (transferred to the Financial Instruments Adjustments Account)	545	40	-	-	-	(585)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	10,856	-	-	-	-	(10,856)
Holiday pay (transferred to the Accumulated Absences Reserve)	(252)	(16)	-	-	-	268
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):	(63,295)	(20,219)	-	-	-	83,514
<b>Adjustments between Revenue and Capital Resources:</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	27,821	15,538	(31,119)	-	-	(12,240)
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserves)	-	-	-	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-	-	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	12,168	-	(12,168)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	6,512	-	20,937	-	-	(27,449)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	5,673	5,799	-	-	-	(11,472)
<b>Adjustments to Capital Resources:</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	21,470	-	-	(21,470)
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	12,168	-	(12,168)
Application of capital grants to finance capital expenditure	252	-	-	-	5,305	(5,557)
Cash payments in relation to deferred capital receipts	-	-	-	-	-	-
<b>Total Adjustments</b>	<b>(39,540)</b>	<b>12,038</b>	<b>11,288</b>	<b>-</b>	<b>5,305</b>	<b>10,909</b>

## Note 15: Earmarked Reserves

Movement in Earmarked reserves	01 April 2021	Transfers Out	Transfers In	Balance at 31 March 2022	Transfers Out	Transfers In	Balance at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corporate / Cross cutting	(50,509)	22,850	(20,269)	(47,928)	11,051	(4,469)	(41,346)
Budget Strategy Reserve	(22,509)	10,318	(4,600)	(16,791)	12,721	(10,891)	(14,961)
<b>Total Corporate reserves</b>	<b>(73,018)</b>	<b>33,168</b>	<b>(24,869)</b>	<b>(64,719)</b>	<b>23,772</b>	<b>(15,360)</b>	<b>(56,307)</b>
Service Reserves	(14,057)	4,415	(3,967)	(13,609)	12,450	(11,934)	(13,093)
<b>General Fund earmarked reserves</b>	<b>(87,075)</b>	<b>37,583</b>	<b>(28,836)</b>	<b>(78,328)</b>	<b>36,222</b>	<b>(27,294)</b>	<b>(69,400)</b>
Grant related reserves (General Fund)	(26,792)	12,902	(9,152)	(23,042)	28,072	(27,257)	(22,227)
Schools reserves	(14,552)	10,754	(12,717)	(16,515)	13,628	(6,937)	(9,824)
HRA earmarked reserves	(5,878)	32,280	(30,025)	(3,623)	17,449	(15,478)	(1,652)
<b>Total Earmarked reserves</b>	<b>(134,297)</b>	<b>93,519</b>	<b>(80,730)</b>	<b>(121,508)</b>	<b>95,371</b>	<b>(76,966)</b>	<b>(103,103)</b>

The **Corporate/Cross Cutting Reserve** holds funds for corporately controlled activities.

The **Budget Strategy Reserve** has been set aside to support the overall budget strategy: it will be used to manage risks, contribute towards managing any future reductions in government support, provide a source for investing in achieving future reductions and, enable some of the Council's urgent priorities access to funds.

The **Service Reserve** hold funds earmarked for service activities.

The **Grant Related Reserve** holds unused grant monies received by the Council.

The **Schools Reserves** are at the disposal of the schools and are not available to the Council for general use.

A full list of earmarked reserves is published annually as part of the Council's Revenue and Capital Outturn Report to Cabinet.

## Note 16: Property, Plant and Equipment

Values as at 31 March 2023

The tables on the following pages show a breakdown of the opening and closing values of PPE assets and summarise the transactions during the year, for each class of asset.

Movements in 2022/23	Operational assets				Non-operational assets		Total
	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Community assets	Surplus assets	Assets under construction	Property, plant and equipment (excluding Infrastructure assets)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
<b>At 1 April 2022</b>	<b>925,807</b>	<b>1,146,097</b>	<b>16,810</b>	<b>26,540</b>	<b>10,929</b>	<b>167,554</b>	<b>2,293,737</b>
Additions	20,885	11,527	976		1,220	69,017	103,625
Revaluation increases/(decreases) recognised in the revaluation reserve	76,849	(9,681)			28		67,196
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(64,269)	(9,582)					(73,851)
Derecognition – disposals	(15,010)	(5,658)				(4,284)	(24,952)
Other transfers/movements	54,320	(44)				(100,978)	(46,702)
<b>At 31 March 2023</b>	<b>998,582</b>	<b>1,132,659</b>	<b>17,786</b>	<b>26,540</b>	<b>12,177</b>	<b>131,309</b>	<b>2,319,053</b>
<b>Accumulated depreciation and impairment</b>							
<b>At 1 April 2022</b>	-	<b>(25,641)</b>	<b>(7,631)</b>	<b>(86)</b>	<b>(85)</b>	<b>(362)</b>	<b>(33,805)</b>
Depreciation charge	(11,950)	(17,180)	(1,402)		(203)		(30,735)
Depreciation written out to the revaluation reserve	1,488	9,403			126		11,017
Depreciation written out to the surplus/(deficit) on the provision of services	10,260	6,540					16,800
Derecognition – disposal	190	863					1,053
Other transfers/movements		258				56	314
<b>At 31 March 2023</b>	<b>(12)</b>	<b>(25,757)</b>	<b>(9,033)</b>	<b>(86)</b>	<b>(162)</b>	<b>(306)</b>	<b>(35,356)</b>
<b>Net book value at 31 March 2022</b>	<b>925,807</b>	<b>1,120,456</b>	<b>9,179</b>	<b>26,454</b>	<b>10,844</b>	<b>167,192</b>	<b>2,259,932</b>
<b>Net book value at 31 March 2023</b>	<b>998,570</b>	<b>1,106,902</b>	<b>8,753</b>	<b>26,454</b>	<b>12,015</b>	<b>131,003</b>	<b>2,283,697</b>

Note: Excludes infrastructure assets, which are shown in Note 39

**Note 16: Property, Plant and Equipment (continued)**

Values as at 31 March 2022

The tables on the following pages show a breakdown of the opening and closing values of PPE assets and summarise the transactions during the year, for each class of asset.

Movements in 2021/22	Operational assets				Non-operational assets		Total
	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Community assets	Surplus assets	Assets under construction	Property, plant and equipment (excluding Infrastructure assets)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
<b>At 1 April 2021</b>	<b>926,066</b>	<b>1,148,759</b>	<b>17,342</b>	<b>26,054</b>	<b>6,274</b>	<b>102,493</b>	<b>2,226,988</b>
Additions	13,809	28,564	1,257	418	607	80,994	125,649
Revaluation increases/(decreases) recognised in the revaluation reserve	7,130	6,639	-	-	(807)	-	12,962
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(18,103)	(27,066)	-	-	-	-	(45,169)
Derecognition – disposals	(11,504)	(12,139)	(1,845)	(54)	-	(1,214)	(26,756)
Other transfers/movements	8,409	1,340	56	122	4,855	(14,719)	63
<b>At 31 March 2022</b>	<b>925,807</b>	<b>1,146,097</b>	<b>16,810</b>	<b>26,540</b>	<b>10,929</b>	<b>167,554</b>	<b>2,293,737</b>
<b>Accumulated depreciation and impairment</b>							
<b>At 1 April 2021</b>	-	<b>(14,498)</b>	<b>(8,169)</b>	<b>(86)</b>	-	<b>(73)</b>	<b>(22,826)</b>
Depreciation charge	(11,786)	(17,286)	(1,307)	-	(131)	-	(30,510)
Depreciation written out to the revaluation reserve	11,651	1,793	-	-	152	-	13,596
Depreciation written out to the surplus/(deficit) on the provision of services	-	3,239	-	-	-	-	3,239
Derecognition – disposal	135	535	1,845	-	-	-	2,515
Other transfers/movements	-	576	-	-	(106)	(289)	181
<b>At 31 March 2022</b>	-	<b>(25,641)</b>	<b>(7,631)</b>	<b>(86)</b>	<b>(85)</b>	<b>(362)</b>	<b>(33,805)</b>
<b>Net book value at 31 March 2021</b>	<b>926,066</b>	<b>1,134,261</b>	<b>9,173</b>	<b>25,968</b>	<b>6,274</b>	<b>102,420</b>	<b>2,204,162</b>
<b>Net book value at 31 March 2022</b>	<b>925,807</b>	<b>1,120,456</b>	<b>9,179</b>	<b>26,454</b>	<b>10,844</b>	<b>167,192</b>	<b>2,259,932</b>

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Sanderson Weatherall undertook valuations on behalf of the Council in 2022/23 for operational property and investment property. HRA stock was valued at 31st March 2023.

The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The value of Council dwellings has been adjusted annually on the basis of property valuation indices, taking into account an adjustment factor to reflect the lower value of social housing. Valuations concerning vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices, with consideration given for the condition of the asset.

## Note 17: Capital Commitments

### Capital Commitments

At 31 March 2023, the Council had a number of capital schemes/projects planned for future years. This refers to schemes with a contractual commitment in excess of £1 million which are detailed below, schemes less than £1 million have been grouped under other minor schemes. Similar commitments at 31 March 2022 amounted to £32.1m. As at 31 March 2023, the Council had the following major commitments:

	2022/23
	£'000
Housing Delivery/Other (HRA)	15,245
Housing Assets (HRA)	14,859
Schools Programme	6,483
Property And Delivery	6,330
Other Minor Schemes	3,814
<b>Total</b>	<b>46,731</b>

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## Note 18: Heritage Assets

It is the Council's policy that the museum collections may be added to on an ad hoc basis, according to the suitability of items that become available and occasionally items may be disposed of taking into account various criteria including a presumption that the item will remain in the public domain. Care is taken to preserve the condition and protect the security of all heritage assets; regular inspections are undertaken and experts may be called upon for conservation works.

2021/22		2022/23
£'000		£'000
56,845	<b>Balance at 1 April</b>	56,845
-	Additions	-
-	Revaluations	-
56,845	<b>Balance at 31 March</b>	56,845

## Note 19: Investment Property

Investment properties are measured initially at cost and subsequently at fair value. Investment Properties are not depreciated but are revalued annually according to market conditions at the year-end.

The following table summarises the movements in the carrying values of investment properties over the year.

2021/22		2022/23
£'000		£'000
7,351	<b>Balance at 1 April</b>	8,702
-	Additions	-
-	Enhancement	101
724	Transfer from PPE	-
628	Net gains/(losses) from fair value adjustments	(473)
8,703	<b>Balance at 31 March</b>	8,330

The following items of income and expenditure have been accounted for in the Comprehensive Income and Expenditure Statement, under the Financing and investment income and expenditure line:

2021/22		2022/23
£'000		£'000
(432)	Rental income from investment property	(497)
163	Direct operating expenses arising from investment property	107
(269)	<b>Total</b>	<b>(390)</b>



**Note 19: Investment Property (continued)**

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

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. There are contractual obligations to repair and maintain the fabric of the investment property which is reflected in the valuation.

The minimum lease rental income receivable is as follows:

2021/22		2022/23	
£'000		£'000	
255	Within one year		245
569	Between one and five years		423
210	Later than five years		182
<b>1,034</b>	<b>Total</b>		<b>850</b>

**Note 20: Cash and Cash Equivalents**

2021/22		2022/23	
£'000		£'000	
38	Cash held by the Council		24
17,355	Bank current accounts		11,684
46,447	Short-term deposits		22,905
63,841	<i>Disclosed in current assets</i>		34,613
(7,863)	Less bank overdraft - disclosed in current liabilities		(4,497)
<b>55,978</b>	<b>Net cash and cash equivalents</b>		<b>30,115</b>

## Note 21: Financial Instruments

### By Category

2021/22				2022/23		
Non-Current	Current	Total		Non-Current	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
			<b>Financial Assets</b>			
-	-	-	<i>Fair value through profit and loss</i>			
-	-	-		-	-	-
			<i>Amortised cost</i>			
	28,024	28,024	Investments	-	37,555	37,555
3,810		3,810	Finance lease	3,810	-	3,810
19,600	58,237	77,837	Debtors	28,713	52,378	81,091
	63,841	63,841	Cash and cash equivalents	-	34,613	34,613
<b>23,410</b>	<b>150,102</b>	<b>173,512</b>		<b>32,523</b>	<b>124,546</b>	<b>157,069</b>
4,255	-	4,255	Fair value through other comprehensive income	1,400		1,400
<b>27,665</b>	<b>150,102</b>	<b>177,767</b>	<b>Total financial assets</b>	<b>33,923</b>	<b>124,546</b>	<b>158,469</b>
			<b>Financial Liabilities</b>			
			<i>Amortised cost</i>			
(278,161)	(103,311)	(381,472)	Loans outstanding	(362,914)	(52,527)	(415,442)
(34,882)	(3,467)	(38,349)	PFI contracts	(28,040)	(6,842)	(34,882)
(3,902)		(3,902)	Finance leases	(3,901)		(3,901)
	(64,475)	(64,475)	Creditors		(79,189)	(79,189)
	(7,863)	(7,863)	Bank overdraft		(4,497)	(4,497)
<b>(316,945)</b>	<b>(179,116)</b>	<b>(496,061)</b>		<b>(394,856)</b>	<b>(143,056)</b>	<b>(537,911)</b>
(3,826)	-	(3,826)	Fair value through other comprehensive income	(2,732)	-	(2,732)
<b>(320,771)</b>	<b>(179,116)</b>	<b>(499,887)</b>	<b>Total financial liabilities</b>	<b>(397,588)</b>	<b>(143,056)</b>	<b>(540,643)</b>

Note 21: Financial Instruments (continued)

Income, Expense, Gains and Losses

2021/22				2022/23		
Financial Liabilities	Financial Assets			Financial Liabilities	Financial Assets	
Liabilities at amortised cost	Loans and Receivables	Fair value through other comprehensive income		Liabilities at amortised cost	Loans and Receivables	Fair value through other comprehensive income
£'000	£'000	£'000		£'000	£'000	£'000
			<b>Net gains/Losses on:</b>			
			Net Loss on financial assets at fair value through profit and loss			
16,659			Interest expense	19,078		
			Impairment Losses			
16,659	-	-	<b>Total expense in Surplus/Deficit on the Provision of Service</b>	19,078	-	-
	(1,623)		Interest income		(4,795)	
-	(1,623)	-	<b>Total Income in Surplus/Deficit on the Provision of Services</b>		(4,795)	-
			<b>Interest revenue</b>			
		(5,070)	Gains on Revaluation			(1,807)
		420	Losses on Revaluation			3,567
-	-	(4,650)	<b>Surplus/Deficit arising on Revaluation of financial Assets in Other Comprehensive Income and Expenditure</b>	-	-	1,760
16,659	(1,623)	(4,650)	<b>Net gain/Loss for the Year</b>	19,078	(4,795)	1,760

## Note 22: Nature and Extent of Risks Arising from Financial Instruments

### Overall procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and seeks to minimise potential adverse risks on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy and the annual investment strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risks and the investment of surplus cash.

### Credit Risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Council.

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to Council customers. This risk is minimised through the Annual Investment Strategy available on the Council website.

[Capital Investment Strategy 2021/22 to 2026/27 | London Borough of Waltham Forest](#)

### Credit Risk - Treasury Investments

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating:

31-March-2022			Fitch Rating	31-March-2023		
FVOCI	Loans and Receivables	Cash and cash equivalents		FVOCI	Loans and Receivables	Cash and cash equivalents
£'000	£'000	£'000		£'000	£'000	£'000
		25,000	AAA	-	-	17,268
			A+	-	-	-
	10,000	21,423	A	-	10,176	5,561
			A-	-	-	-
			AA-	-	15,200	-
			BBB+	-	-	-
	5,000		BBB	-	5,080	-
	5,000		BB-	-	-	-
4,255	89,671	17,418	Not Applicable	1,400	91,999	11,784
<b>4,255</b>	<b>109,671</b>	<b>63,841</b>		<b>1,400</b>	<b>122,455</b>	<b>34,613</b>

The maximum single commercial exposure is to Royal Bank of Scotland at £10m, which is at the individual counterparty limit of £10m for investments. Overall the portfolio is diversified by the use of 18 counterparties.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. The estimated loss is negligible as the investments mature within 12 months, therefore no loss allowance has been provided.

**Note 22: Nature and Extent of Risks Arising from Financial Instruments (continued)**

**Credit Risk - Trade Debtors**

The Council does not allow credit for customers, as such, all unpaid balances are past due date for payment. The gross past due sundry debtor amount can be analysed by age as follows:

31-March-2022		31-March-2023
£'000		£'000
41,190	Less than three months	10,566
2,160	Three to six months	2,330
2,554	Six months to one year	3,803
8,971	More than one year	11,379
<b>54,875</b>	<b>Total</b>	<b>28,078</b>

The impairment allowance on trade debtors has been calculated using the lifetime credit losses basis:

2021/22		2022/23
£'000		£'000
16,426	Balance c/f	17,991
1,565	Increase in impairment allowance	1,657
<b>17,991</b>	<b>Balance c/f</b>	<b>19,648</b>

**Liquidity risk**

Liquidity risk is the risk that the Council will have insufficient funds in its bank account to make the payments necessary to meet its financial obligations.

The Council has a comprehensive cash flow management system which seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets, the Public Works Loans Board and its treasury investment portfolio which is considered to be liquid. There is no significant risk that the Council will be able to raise finance to meet its commitments under financial instruments.

31-March-2022		31-March-2023
£'000		£'000
176,692	Less than one year	118,266
6,215	Between 1 and 2 years	13,036
24,260	Between 3 and 5 years	20,604
37,386	Between 6 and 10 years	87,476
251,508	More than 10 years	298,530
<b>496,061</b>	<b>Total</b>	<b>537,912</b>

**Note 22: Nature and Extent of Risks Arising from Financial Instruments (continued)**

**Market risk**

Market risk is the possibility that financial loss might arise as a result of changes in interest rates.

The Council is exposed to interest movements on its borrowings and investments. Movements on interest rates have a complex effect on the Council depending on how variable and fixed interest rates move across differing financial instruments periods. For instance a rise in variable and fixed interest rates would have the following effects:

Borrowings at variable rates	The interest expense charged to the Comprehensive Income and Expenditure Statement will rise
Borrowings at fixed rates	The fair value of the borrowing will fall (no impact on revenue balances)
Investments at variable rates	The interest income credited to the Comprehensive Income and Expenditure Statement will rise
Investments at fixed rates	The fair value of the assets will fall (no impact on revenue balances)

Investments measured at amortised cost and loans borrowed are not carried at fair value on the Balance Sheet, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement.

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.

The Council has limited interest rate risk from its short-term borrowing which needs to be regularly refinanced as part of the strategy to benefit from low short-term interest rates. This risk is mitigated by the ability of the Council to switch from short-term to long-term borrowing should the UK enter a period of rising interest rates.

As part of a balanced portfolio, the interest rate risk is further mitigated by the following:

- (i) maturing short-term investments can be used to pay down debt, should it become cost-effective to do; and
- (ii) having a substantial part of the loan debt portfolio with maturity dates spread evenly over the next 30 years at fixed interest rates reducing the re-financing risk.

The treasury team will monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rate borrowing would be postponed.

At 31 March 2023, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(229)
<b>Impact on surplus/deficit on the provision of services</b>	<b>(229)</b>

**Note 22: Nature and Extent of Risks Arising from Financial Instruments (continued)**

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

<b>Impact on other comprehensive income and expenditure</b>	<b>£'000</b>
Decrease in fair value of fixed rate investment assets	-
Decrease in fair value of fixed rate borrowings liabilities	(41,092)

The impact of a 1% fall in interest rates would be as above but with the movements being reversed, but would increase the fair value of borrowings by

53,206

The above sensitivity analysis is based on the loans and investments as at 31 March 2023.

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## Note 23: Capital Expenditure and Financing

The capital financing requirement (CFR) is a Prudential Code indicator which shows the underlying need for the Council to borrow to fund its non current assets. The requirement is increased by capital expenditure financed from borrowing and decreased by revenue or capital resources put aside for the repayment of debt. An explanation of the movement in the year ended 31 March 2023 is shown in the table below.

Total expenditure incurred on improvement, enhancement and acquisition of non-current assets in 2022/23 was £114m (2021/22, £138m). The financing sources used are shown below and include amounts used to finance REFUCS expenditure.

2021/22		2022/23
£'000		£'000
<b>505,764</b>	<b>Opening capital financing requirement</b>	<b>544,906</b>
	<b>Capital investment</b>	
131,627	Property, plant and equipment	108,986
-	- Investment Properties	101
-	- Intangible Assets	141
11,309	Revenue expenditure funded from capital under statute	5,534
	<b>Sources of finance</b>	
(21,470)	- Capital receipts	(13,757)
(31,235)	- Government grants and other contributions	(38,569)
(12,168)	- Major repairs reserve	(12,356)
	<b>Sums set aside from revenue</b>	
(11,472)	- Direct revenue financing	1,333
(27,449)	- Minimum revenue provision	(7,598)
<b>544,906</b>	<b>Closing capital financing requirement</b>	<b>588,720</b>
	<b>Explanation of movements in year:</b>	
39,143	Increase/(decrease) in underlying need to borrow	43,814
<b>39,143</b>	<b>Increase/(decrease) in CFR for the year</b>	<b>43,814</b>



## Note 24: Leases

### Council as lessee

#### Finance leases

The Council has interests in three industrial estates acquired under finance leases. The assets are carried as operational land and buildings in the Balance Sheet at £7.539m (£7.845m 2021/22).

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

31-March-2022			31-March-2023	
£'000			£'000	
		Finance lease liabilities (net present value of minimum lease payments):		
	1	- current (not later than one year)		1
	3,902	- non-current (later than one year)		3,900
	20,206	Finance costs payable in future years		19,875
	<b>24,109</b>			<b>23,776</b>

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

2021/22			2022/23	
Minimum lease payments	Finance lease liabilities		Minimum lease payments	Finance lease liabilities
£'000	£'000		£'000	£'000
332	1	Not later than 1 year	332	1
1,328	6	Later than 1 year and not later than 5 years	1,328	7
22,117	3,895	Later than 5 years	21,785	3,893
<b>23,777</b>	<b>3,902</b>		<b>23,445</b>	<b>3,901</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 2022/23, £1.024m of contingent rents were payable by the Council (£0.919m in 2021/22).

The Authority has sub-let industrial units held on the sites held under these finance leases. At 31 March 2023, the minimum payments expected to be received under non-cancellable sub-leases was £7.893m (£6.924m at 31 March 2022). These are included within the disclosures of operating leases where the Council is lessor below.

**Note 24: Leases (continued)**

**Operating Leases**

The Council enters into operating lease agreements to acquire the use of plants, vehicles and equipment. The future minimum lease payments are made up of the following amounts:

31-March-2022		31-March-2023
£'000		£'000
8,074	Not later than 1 year	8,827
1,218	Later than 1 year and not later than 5 years	1,251
1,155	Later than 5 years	1,769
<b>10,447</b>		<b>11,847</b>

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year comprised:

2021/22		2022/23
£'000		£'000
9,122	Minimum lease payments	9,424
27	Contingent rents	27
<b>9,149</b>		<b>9,451</b>

**Council as lessor**

**Finance leases**

The Council has leased out property at the Selborne Walk shopping centre to the Mall Limited Partnership on a finance lease. The lease commenced in 1988 for an initial term of 99 years with an option to extend to 125 years; it is expected that this option will be exercised and based upon this, the remaining term is calculated to be 91 years.

The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term. 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 Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

31-March-2022		31-March-2023
£'000		£'000
	Finance lease debtor (net present value of minimum lease payments):	
1	- current (not later than one year)	1
3,810	- non-current (later than one year)	3,809
19,366	Unearned finance income	19,112
<b>23,177</b>	<b>Gross investment in the lease</b>	<b>22,922</b>

**Note 24: Leases (continued)**

These amounts will be received over the following periods

2021/22			2022/23	
Gross investment in the lease	Minimum lease payments		Gross investment in the lease	Minimum lease payments
£'000	£'000		£'000	£'000
255	1	Not later than 1 year	255	1
1,019	3	Later than 1 year and not later than 5 years	1,019	4
21,903	3,806	Later than 5 years	21,649	3,805
<b>23,177</b>	<b>3,810</b>		<b>22,923</b>	<b>3,810</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 2022/23, £0.245m contingent rents were receivable by the Council (£0.315m in 2021/22).

**Operating leases**

The Council leases out property and equipment under operating leases for the provision of community services, such as sports facilities, tourism services and community centres; and for economic development purposes to provide suitable affordable accommodation for local businesses.

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

2021/22			2022/23	
£'000			£'000	
3,731	1		Not later than 1 year	3,703
10,947	3	Later than 1 year and not later than 5 years	9,681	9,681
56,130	3	Later than 5 years	53,935	53,935
<b>70,808</b>			<b>67,319</b>	<b>67,319</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23 £0.390m contingent rents were receivable by the Council (£0.390m in 2021/22).

## Note 25: Private Finance Initiative and Similar Contracts

The Council has 3 PFI contracts for the design, build, finance and operation of the following schools:

Contract	Schools covered		Original asset value £'000	Duration of Contract	Contractor	Shareholders	Holdings	Facilities Management contractor
	Maintained	Academy						
Lammas School		Lammas <sup>Note 1</sup>	12,320	25 Years (2001 - 2026)	NewSchools (Leyton) Ltd	Innisfree M&G PPP Fund LP	100%	Sodexo
Grouped Schools Project	Heathcote Comprehensive	Lime Larkwood Primary	50,241	32 Years (2004 - 236)	Academy Services (Waltham Forest) Holdings Ltd	Innisfree PFI Secondary Fund	100%	Kier Group Plc
	Chase Lane Primary	Riverley Primary						
	Downsell Primary	Hillyfield Primary						
	South Grove Primary							
Frederick Bremer School	Frederick Bremer School		20,061	25 Years (2008 - 2033)	BY Education (Holdings) Ltd	Waltham Forest LEP Ltd	10%	BY Education (Waltham Forest) Ltd
						Building Schools for the Future LLP	9%	
						Infrared Infrastructure Yield Holdings Ltd	72%	
						LB Waltham Forest	9%	

**Note 1** - Lammas school converted to academy status on 1 December 2018.

Under each PFI contract, the Council pays a unitary charge. The unitary charge is benchmarked every five years to update the charge for the services provided against the market. The unitary charge is subject to annual indexation. The unitary charge is also subject to variations to the scope of works and services, and academy conversions.

Under the contracts, the Council has exclusive rights to the assets of the maintained schools and the academy trusts have exclusive rights to the academy schools. In each contract the contractor is responsible for facilities management including repairs and maintenance and lifecycle replacements of components throughout the relevant contract.

At the end of the contract term, the assets of the maintained schools revert to the Council at no further consideration. In the case of the academy schools the assets transfer to the academy trusts at no further consideration, but are held under long-term lease from the Council. At the end of the leases, the academy assets revert to the Council.

The unitary charge is met from three sources: government revenue grant, contribution from the Dedicated Schools Budget and a contribution from the relevant school's governing body. In the case of the academy schools they also make a contribution toward the unitary charge from their governing bodies.

**Note 25: Private Finance Initiative and Similar Contracts (continued)**

**Value of the assets under PFI contracts**

The value of the maintained schools assets under the PFI contract are held on the Council's balance sheet within property, plant and equipment as follows:

2021/22					2022/23			
Lammas <sup>(Note 2)</sup>	Grouped	Frederick Bremer	Total		Lammas	Grouped	Frederick Bremer	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
-	133,127	44,308	177,435	Opening balance	-	131,852	43,894	175,746
-	162	-	162	In-year capital expenditure	-	31	-	31
-	-	-	-	Lifecycle works	-	-	-	-
-	(1,117)	(414)	(1,531)	Depreciation	-	(1,112)	(414)	(1,526)
-	(320)	-	(320)	Revaluation gains/(loss)	-	-	-	-
-	131,852	43,894	175,746	Closing balance	-	130,771	43,480	174,251

Note 2 - Lammas School converted to an academy on 1 December 2018.

**Payments**

The Council makes payments to the PFI operators which cover the charge for services provided, repayment of the liability in respect of each contract and interest on those liabilities. Payments remaining to be made under the three contracts at the year-end are set out below.

2021/22					2022/23			
Service cost	Repayment of liability	Interest	Total		Service cost	Repayment of liability	Interest	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(9,000)	(3,466)	(2,917)	(15,383)	within 1 year	(9,365)	(3,376)	(2,601)	(15,342)
(37,121)	(11,630)	(8,856)	(57,607)	within 2-5 years	(35,469)	(10,890)	(7,920)	(54,279)
(41,831)	(12,763)	(6,343)	(60,937)	within 6-10 years	(42,841)	(13,301)	(5,268)	(61,410)
(28,234)	(10,489)	(1,139)	(39,862)	within 11-15 years	(19,510)	(7,315)	(548)	(27,373)
-	-	-	-	within 16-20 years	-	-	-	-
(116,186)	(38,348)	(19,255)	(173,789)	Closing balance	(107,185)	(34,882)	(16,337)	(158,404)

**Note 25: Private Finance Initiative and Similar Contracts (continued)**

**Movement on the value of the liabilities**

Although the payments made to each contractor are described as unitary payments, they have been calculated to compensate each contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to be paid to the contractors for capital expenditure is set out below.

2021/22		2022/23
£'000		£'000
(41,227)	Balance b/f	(38,349)
2,878	Repayment	3,467
<b>(38,349)</b>	<b>Balance at 31 March</b>	<b>(34,882)</b>

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## Note 26: Fair value of assets and liabilities

### Fair values of financial and non-financial assets and financial liabilities

(a) classes of financial instruments and non-financial assets based on their nature and characteristics;

The following tables combine information about:

- (a) classes of financial instruments and non-financial assets based on their nature and characteristics;
- (b) the carrying amounts of financial instruments and non-financial assets;
- (b) fair values of financial instruments and non-financial assets
- (b) fair value hierarchy levels of financial instruments and non-financial assets for which fair value is disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

**Level 1** - measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2** - measurement based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

**Level 3** - measurement is derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

Description of asset or liability	Valuation hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Cash balances, money market funds and other assets and liabilities held at amortised cost	Level 1	Carrying value is deemed to be fair value, because of the short-term nature of the instruments	Not Required	Not required
Non-current debtors	Level 2	Capital value of unpaid loan	Council accounting records	Not required
Finance leases (both lessor and lessee) and PFI liabilities	Level 2	The fair values have been estimated by discounting the remaining cashflows or the borrowing using the PWLB repayment loan certainty rate for maturity loans	Observable inputs are the PWLB rates Unobservable inputs are the remaining cashflows	Not required
Loans outstanding	Level 2	The fair values have been estimated by discounting the remaining cashflows or the borrowing using the PWLB repayment loan certainty rate for maturity loans	Observable inputs are the PWLB rates Unobservable inputs are the remaining cashflows	Not required
Investments at fair value through other comprehensive income	Level 3	Fair value has been based on the net asset value (NAV) of the Council's interest in the companies	NAV based on the latest annual unaudited accounts	Events occurring after the audit opinion date could affect NAV
Investment property	Level 3	Investment method of valuation.	Assumed void periods Estimated Rental Value (ERV) Capitalisation Rate (Equivalent Yield)	All variables listed are observable inputs and susceptible to market change.
Assets held for sale and surplus assets	Level 3	Expected sale price less estimated costs of sale	Evidence of title, floor area, siting and site conditions, type/age and current use of the property have been taken into account together with general market conditions and advertised value of similar properties currently up for sale	Latent defects, repair and maintenance backlogs, general changes in the market and other impairments could have a significant impact on the values provided

Note 26: Fair value of assets and liabilities (continued)

31 March 2023	Carrying Value						Fair Value			
	Financial and non-financial assets			Financial liabilities		Total	Level			Total
	Fair value through profit and loss	Fair value through other comprehensive income	Assets at amortised cost	Liabilities at amortised cost	Liabilities at FVOCI		1	2	3	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Financial assets</b>										
<i>Assets at amortised cost:</i>										
Investments			37,555			37,555	37,555		37,555	
Finance lease			3,810			3,810		5,431	5,431	
Debtors			81,091			81,091	81,091		81,091	
Cash and cash equivalents			34,613			34,613	34,613		34,613	
Fair value through other comprehensive income		1,400				1,400		1,400	1,400	
<b>Total financial assets</b>	-	<b>1,400</b>	<b>157,069</b>	-	-	<b>158,469</b>	<b>153,259</b>	<b>5,431</b>	<b>1,400</b>	<b>160,090</b>
<b>Non-financial assets</b>										
Investment property	8,330					8,330			8,330	
Surplus assets	12,017					12,017			12,017	
Assets held for sale	28,936					28,936			28,936	
<b>Total financial and non-financial assets</b>	<b>49,283</b>	<b>1,400</b>	<b>157,069</b>	-	-	<b>207,751</b>	<b>153,259</b>	<b>5,431</b>	<b>50,682</b>	<b>209,372</b>
<b>Financial liabilities</b>										
<i>Liabilities at amortised cost:</i>										
Loans outstanding				(418,523)		(418,523)	(37,132)	(339,442)	(376,574)	
PFI contracts				(34,882)		(34,882)		(57,858)	(57,858)	
Finance leases				(3,901)		(3,901)		(6,877)	(6,877)	
Creditors				(79,189)		(79,189)	(79,189)		(79,189)	
Bank overdraft				(4,452)		(4,452)	(4,452)		(4,452)	
Fair value through other comprehensive income					(2,732)	(2,732)			(2,732)	
<b>Total financial liabilities</b>	-	-	-	<b>(540,948)</b>	<b>(2,732)</b>	<b>(543,680)</b>	<b>(120,774)</b>	<b>(404,177)</b>	<b>(2,732)</b>	<b>(527,683)</b>



Note 26: Fair value of assets and liabilities (continued)

31 March 2022	Carrying Value						Fair Value			
	Financial and non-financial assets			Financial liabilities		Total	Level			Total
	Fair value through profit and loss	Fair value through other comprehensive income	Loans and receivables	Liabilities at amortised cost	Liabilities at FVOCI		1	2	3	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Financial assets</b>										
<i>Assets at amortised cost:</i>										
Investments	-	-	28,024	-	-	28,024	28,024	-	-	28,024
Finance lease	-	-	3,811	-	-	3,811	-	10,076	-	10,076
Debtors	-	-	77,836	-	-	77,836	77,836	-	-	77,836
Cash and cash equivalents	-	-	57,141	-	-	57,141	57,141	-	-	57,141
Fair value through other comprehensive income	-	4,255	-	-	-	4,255	-	-	4,255	4,255
<b>Total financial assets</b>	-	<b>4,255</b>	<b>166,812</b>	-	-	<b>171,067</b>	<b>163,001</b>	<b>10,076</b>	<b>4,255</b>	<b>177,332</b>
<b>Non-financial assets</b>										
Investment property	8,702	-	-	-	-	8,702	-	-	8,702	8,702
Surplus assets	10,846	-	-	-	-	10,846	-	-	10,846	10,846
Assets held for sale	1,048	-	-	-	-	1,048	-	-	1,048	1,048
<b>Total financial and non-financial assets</b>	<b>20,596</b>	<b>4,255</b>	<b>166,812</b>	-	-	<b>191,663</b>	<b>163,001</b>	<b>10,076</b>	<b>24,851</b>	<b>197,928</b>
<b>Financial liabilities</b>										
<i>Liabilities at amortised cost:</i>										
Loans outstanding	-	-	-	(383,725)	-	(383,725)	(99,220)	(364,990)	-	(464,210)
PFI contracts	-	-	-	(38,348)	-	(38,348)	-	(57,858)	-	(57,858)
Finance leases	-	-	-	(3,902)	-	(3,902)	-	(11,953)	-	(11,953)
Creditors	-	-	-	(64,475)	-	(64,475)	(64,475)	-	-	(64,475)
Bank overdraft	-	-	-	(7,863)	-	(7,863)	(7,863)	-	-	(7,863)
Fair value through other comprehensive income	-	-	-	-	(3,826)	(3,826)	-	-	(3,826)	(3,826)
<b>Total financial liabilities</b>	-	-	-	<b>(498,313)</b>	<b>(3,826)</b>	<b>(502,139)</b>	<b>(171,558)</b>	<b>(434,801)</b>	<b>(3,826)</b>	<b>(610,185)</b>

**Note 26: Fair value of assets and liabilities (continued)**

**Sensitivity of assets valued at level 3**

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Council has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out opposite the consequent potential impact on the closing value of investments held at 31 March 2021.

Description of asset	Assessed valuation range	Value at 31 March 2023 £'000	Valuation Increase £'000	Valuation Decrease £'000
Financial assets at FVOCI	+10%/-10%	1,400	1,540	1,260
Financial liabilities at FVOCI	+10%/-10%	(2,732)	(3,005)	(2,459)
Investment property, surplus assets and assets held for sale	+16.9%/-12.9%	49,283	57,611	42,925
<b>Total</b>		<b>47,950</b>	<b>56,146</b>	<b>41,726</b>

Description of asset	Assessed valuation range	Value at 31 March 2022 £'000	Valuation Increase £'000	Valuation Decrease £'000
Financial assets at FVOCI	+10%/-10%	4,255	4,680	3,829
Financial liabilities at FVOCI	+10%/-10%	(3,826)	(4,209)	(3,444)
Investment property, surplus assets and assets held for sale	+16.9%/-12.9%	20,596	24,077	17,939
<b>Total</b>		<b>21,025</b>	<b>24,548</b>	<b>18,324</b>

**Note 26: Fair value of assets and liabilities (continued)**

**Transfers between levels 1 and 2**

During the year there were no transfers between levels 1 and 2.

**Reconciliation of Fair Value Measurements within Level 3**

2022/23	1 April 2022	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/ (losses)	Realised gains/ (losses)	31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets at FVOCI	4,255					(2,855)		1,400
Financial liabilities at FVOCI	(3,827)					2		(3,825)
Investment property	8,702			101		(473)		8,330
Surplus assets	10,929			1,220		(134)		12,016
Assets held for sale	1,048	44,830			(21,833)		4,890	28,936
<b>Total</b>	<b>21,107</b>	<b>44,830</b>	-	<b>1,321</b>	<b>(21,833)</b>	<b>(3,459)</b>	<b>4,890</b>	<b>46,856</b>

2021/22	1 April 2021	Transfers into Level 3 <sup>(Note 2)</sup>	Transfers out of Level 3	Purchases	Sales	Unrealised gains/ (losses)	Realised gains/ (losses)	31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets at FVOCI <sup>(Note 3)</sup>	44	-	-	-	-	4,211	-	4,255
Financial liabilities at FVOCI <sup>(Note 4)</sup>	(4,266)	-	-	-	-	439	-	(3,827)
Investment property	7,350	-	1,294	-	-	58	-	8,702
Surplus assets	6,274	-	4,855	607	-	(890)	-	10,846
Assets held for sale	5,975	-	-	-	(4,880)	-	(47)	1,048
<b>Total</b>	<b>15,377</b>	-	<b>6,149</b>	<b>607</b>	<b>(4,880)</b>	<b>3,818</b>	<b>(47)</b>	<b>21,024</b>

Note 3 - financial assets at FVOCI are the Council's interests in Waltham Forest Services Ltd, Waltham Forest Trading Ltd (dormant) and Walthamstow Scene Ltd (dormant).

Note 4 - financial liabilities at FVOCI are the Council's interests in More Homes Waltham Forest LLP (a joint venture with Mears Homes), Sixty Bricks Ltd, NPS London Ltd, Waltham Forest Local Education Partnership Ltd and BY Education (Waltham Forest) Holdings Ltd.

## Note 27: Debtors

These balances represent the amount of money owed to the Council at year end. Debtors include individuals, central government departments, other local authorities, NHS and other bodies. An analysis is given below.

2021/22			2022/23	
Short-term	Long-term		Short-term	Long-term
£'000	£'000		£'000	£'000
20,244	-	Central government bodies	17,024	-
17,499	-	Other local authorities	1,928	
29,021	-	NHS bodies	7,063	
46,059	23,410	Other entities and individuals	66,827	32,523
<b>112,823</b>	<b>23,410</b>	<b>Total</b>	<b>92,842</b>	<b>32,523</b>

Impairments for doubtful debts are included in **Note 22**. Long term debtors relate to finance leases (see **Note 33**), repayment of mortgages to housing associations and prepayments to the Pension Fund.

## Note 28: Creditors

These are amounts owed by the Council for work done, goods received, or services rendered which have not been paid by 31 March 2023.

2021/22			2022/23	
Short-term			Short-term	
£'000			£'000	
(48,201)		Central government bodies		(18,117)
(2,619)		Other local authorities		(3,856)
(21,890)		NHS bodies		(14,156)
(85,480)		Other entities and individuals		(83,827)
(3,467)		PFI creditors		(6,843)
<b>(161,657)</b>		<b>Total</b>		<b>(126,799)</b>

## Note 29: Provisions

The Council makes provision in compliance with IAS 37 where there is an obligation as a result of a past event, when it is probable that the Council will incur expenditure and where a reasonable estimate can be made of the amount involved. Provisions are split into short term (less than one year) and long term (more than one year). In addition to the provisions shown below, there are provisions for bad debts which have been netted off against the debtors figure on the balance sheet.

Short term provisions	Exit packages	NNDR Appeals	Other	Total
	£'000	£'000	£'000	£'000
Balance at 31 March 2022	(24)	(2,062)	(12,657)	(14,743)
Amounts used	-	7,002	9,882	16,884
Additional provisions	-	(6,188)	(1,681)	(7,869)
<b>Balance at 31 March 2023</b>	<b>(24)</b>	<b>(1,248)</b>	<b>(4,456)</b>	<b>(5,728)</b>

### Exit packages

The Code requires the Council to raise a provision to cover the cost of exit packages (redundancies) where the termination was demonstrably approved in 2022/23, although actual payments will not occur until 2023/23.

### NNDR Appeals

Due to the localisation of Business Rates, which became effective from 1 April 2013, the Council has set aside a provision for any potential liabilities as a result of Business Rate payers' appeals against rateable valuations. The Council is responsible for 48% share of this liability, the Greater London Authority (GLA) are responsible for 27% and Central Government are responsible for 25%.

### Other

Provisions recorded as at 31 March are based on management's best estimate at the balance sheet date of the likely outcome through settlement. With the inherent uncertainty with legal proceedings and claim settlements, the timing and amount of the outflows may differ from the amount provided. Based on current estimates management expects that these amounts, which are based on latest available information and take account of past experience for similar items.

Long term provisions	Insurance fund	Thames Water		Total
	£'000	£'000	£'000	£'000
Balance at 31 March 2022	(5,667)	(815)	-	(6,482)
Amounts used	644	247		891
Additional provisions	(512)	(124)		(636)
<b>Balance at 31 March 2023</b>	<b>(5,535)</b>	<b>(692)</b>	<b>-</b>	<b>(6,227)</b>

### Insurance provision

The insurance balance at 31 March 2023 has decreased to £5.535 million. This represents the estimated value of potential liabilities incurred to 31 March 2023, identified by a report from JLT Specialty Ltd, which analysed the Council's self-insurance funds. The Council takes out insurance on:- employers' liability, vehicles, business interruption, fidelity guarantee, public liability, official's indemnity, personal accident, engineering, the Gallery collection and property. These do not have a significant impact on the balance held in the provision or the reserve. The Council is active in risk management, identifying areas of particular risk and taking management steps with a view to reducing possible future claims and losses. With the exception of damage caused by terrorism, there are no material risks which are not covered by either direct insurance or self insurance via the provision.

**Note 29: Provisions (continued)****Thames Water**

A provision has been set up for the possible repayment of water rates to tenants following the case of Jones v London Borough of Southwark in the High Court in 2016, after refund of £5.239m made to the tenants the remaining provision balance is £692k on 31st March 2023.

**Note 30: Unusable Reserves**

2021/22 RESTATED		2022/23
£'000		£'000
(916,299)	Revaluation reserve	(999,179)
(974,747)	Capital adjustment account	(898,187)
(17,355)	Deferred capital receipts	(35,927)
16,492	Financial instruments adjustment account	15,911
(417)	Financial Instruments Reserve	1,343
780,075	Pension reserve	386,316
2,196	Collection Fund adjustment account	(3,783)
5,298	Accumulated absence account	5,823
2,763	DSG Adjustment Account	2,161
<b>(1,101,994)</b>	<b>Total</b>	<b>(1,525,522)</b>

**Note 30a: Revaluation Reserve**

The reserve is credited with gains on the revaluation of assets. Revaluation gains which are subsequently reversed through impairment or disposal of the asset are debited from the reserve. The depreciation adjustment ensures that only the depreciation on the historic cost of assets impacts on the capital adjustment account.

The balance on the reserve reflects the difference between the value of the Council's assets at depreciated historical cost and their current value.

2021/22		2022/23
£'000		£'000
<b>(913,909)</b>	<b>Balance at 1 April</b>	<b>(916,296)</b>
(13,755)	Revaluation of assets	(72,745)
7,855	Accumulated gains on assets sold or scrapped	1,428
3,513	Adjustment to depreciation on revalued assets	(11,563)
<b>(916,296)</b>	<b>Balance at 31 March</b>	<b>(999,176)</b>

## Note 30b: 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). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account also contains accumulated gains and losses on investment properties and revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.

2021/22		2022/23
£'000		£'000
(968,777)	<b>Balance at 1 April</b>	(974,747)
	<b>Reversal of items debited and credited to the Comprehensive Income and Expenditure Statement</b>	
69,390	Depreciation and impairment of non current assets	40,507
11,309	Revenue expenditure funded from capital under statute	5,535
29,121	Current value of asset disposals	44,534
(3,513)	Adjustment to depreciation on revalued assets	57,888
(7,855)	Accumulated gains on assets sold or scrapped	(1,428)
<b>98,452</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>147,036</b>
	<b>Capital financing applied in year</b>	
(21,470)	Capital receipts	(13,757)
(12,168)	Major repairs reserve	(12,356)
(25,678)	Capital grants and contributions	(17,296)
(5,557)	Capital grants unapplied	(21,273)
(27,449)	Minimum revenue provision	(7,598)
(11,472)	Direct revenue financing	1,333
-	Write back financing of abortive capital	
<b>(103,794)</b>	<b>Capital financing applied in year</b>	<b>(70,948)</b>
	<b>Other movements</b>	
(628)	Increase/(decrease) in value of investment properties	473
<b>(628)</b>		<b>473</b>
<b>(974,747)</b>	<b>Balance at 31 March</b>	<b>(898,186)</b>

### Note 30c: Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions.

2021/22		2022/23
£'000		£'000
17,077	Balance at 1 April	16,492
(585)	Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	(581)
16,492	Balance at 31 March	15,911

### Note 30d: Financial Instruments Revaluation Reserve

This reserve is (credited)/debited with (gains)/losses arising from the revaluation of financial instruments held at fair value through other comprehensive income (FVOCI).

2021/22		2022/23
£'000		£'000
4,233	Balance at 1 April	(417)
(5,070)	Revaluation gain on assets	(1,807)
420	Impairment of assets	3,567
(417)	Balance at 31 March	1,343



## Note 30e: 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 Council 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 Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council 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.

2021/22 RESTATED			2022/23
£'000			£'000
740,197		<b>Balance at 1 April</b>	<b>780,075</b>
10,954		Actuarial gains/(losses) on pensions assets & liabilities	(442,799)
62,382		Reversal of items relating to retirement benefits debited or credited to the (Surplus)/deficit on provision of services in the Comprehensive Income & Expenditure Statement	74,107
(33,458)		Employer's pensions contributions & direct payments to pensioners payable in the year	(25,067)
<b>780,075</b>		<b>Balance at 31 March</b>	<b>386,316</b>

## Note 30f: Collection Fund Adjustment Account

The Collection Fund adjustment account manages the differences arising from the recognition of Council Tax and NNDR 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.

2021/22				2022/23		
Council Tax	NNDR	Total		Council Tax	NNDR	Total
£'000	£'000	£'000		£'000	£'000	£'000
2,003	11,050	13,053	<b>Balance at 1 April</b>	(2,522)	4,718	<b>2,196</b>
(4,525)	(6,332)	(10,857)	Amount by which council tax & NNDR income credited to the CIES is different from the income calculated for the year in accordance with statutory requirements	(416)	(5,563)	(5,979)
<b>(2,522)</b>	<b>4,718</b>	<b>2,196</b>	<b>Balance at 31 March</b>	<b>(2,938)</b>	<b>(845)</b>	<b>(3,783)</b>

## Note 30g: Accumulated Absence Account

2021/22			2022/23
£'000			£'000
5,030		<b>Balance at 1 April</b>	<b>5,298</b>
(5,030)		Settlement or cancellation of accrual made at the end of preceding year	(5,298)
5,298		Amounts accrued at the end of the current year	5,823
<b>5,298</b>		<b>Balance at 31 March</b>	<b>5,823</b>

## Note 31: Defined Benefit Pension Schemes

### Participation in pension schemes

As part of the terms and conditions of employment of its officers and other employees, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and therefore they need to be disclosed at the time the employee earns their future entitlement.

The Council participates in four statutory pension schemes, which provide members with defined benefits related to pay and service. The schemes are as follows:

- The **Local Government Pension Scheme (LGPS)** for non-teaching staff;
- The **Teachers' Pension Scheme** for teaching staff;
- The **NHS Pension Scheme** for former NHS employees who transferred to the Council when public health functions were transferred to local government in 2013, but who opted to stay within the NHS Pension Scheme;
- Discretionary post-retirement benefits upon early retirement.

### Defined contribution schemes

The Teachers and NHS Pension Schemes although defined benefit schemes are accounted for under the Code as defined contribution schemes because they are both multi-employer schemes and it is not possible to attribute the liabilities to individual employers within either scheme.

The **Teachers' Pension Scheme** is administered by the Teachers' Pension Agency (TPA) on behalf of the Department for Education (DfE). The scheme is unfunded and the DfE uses a notional fund as the basis for calculating the employers' contribution rate paid by participating employer organisations. Valuations of the notional fund are undertaken every four years. The Council is one employer out of 11,885 employers in the Teachers' Pension Scheme.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the Teachers' scheme. These benefits are fully accrued in the pension liability.

The scheme provides a final salary-based pension based on service to 2015 and a career average revalued earnings based pension for services since 2015. In 2022/23, the Council paid £16.655 million (this includes £4.859 million teachers' contributions) to Teachers' Pensions in respect of teachers' retirement benefits (£16.384million in 2021/22, which included £4.786 million teachers' contributions); this represents 33.4% of teachers' pensionable pay (33.5% in 2021/22). The Council is also responsible for any additional pensions and these amounted to £3,195 in 2022/23 (£2,341 in 2021/22). There were £3,515 contributions remaining payable at the year end.

The **NHS Pension Scheme** is administered by the NHS Business Services Agency (NHSBSA). The scheme is unfunded and the NHSBSA uses a notional fund as the basis for calculating the employers' contribution rate paid by participating employer organisations. Valuations of the notional fund are undertaken every four years. The Council is one employer out of 7,995 employers in the NHS Pension Scheme at 31/03/2023.

The scheme provides a final salary-based pension based on service to 2015 and a career average revalued earning based pension for service since 2015. In 2022/23, the Council paid £7,822 (this includes £7,138 staff contributions) to the NHS Pension Scheme in respect of ex-PCT staff member contributions (£2,500 in 2021/22, including £1,000 staff contributions). The employers contribution rate remains at 14.38% of pensionable pay. There is currently one staff member who is part of this scheme; they have been on a career break for the majority of the financial year.

## Note 31: Defined Benefit Pension Schemes (continued)

### Defined benefits schemes

The Local Government Pension Scheme (LGPS) and discretionary post-retirement benefits payable to both non-teaching and teaching staff are defined benefits schemes in that post-retirement benefits are defined in the scheme legislation rather than based on contributions to the schemes.

The **Local Government Pension Scheme (LGPS)** is a national scheme but administered locally. For the Council, this is the London Borough of Waltham Forest Pension Fund administered by the Council. The LGPS is a funded scheme which means that the Council and employees pay contributions into a fund calculated at a level intended to balance the pensions liabilities with investment assets over time.

The LGPS provides a final salary-based pension based on service to 2014 and a career average revalued earnings based pension for service since 2014.

The London Borough of Waltham Forest Pension Fund is operated under the regulatory framework for the Public Service Pensions Act 2013 and the LGPS regulations laid thereunder. Governance of the scheme locally is the responsibility of the Pensions Committee of the Council. Investment policy is determined in accordance with the LGPS Regulations as is the administration and governance of the scheme. Investment management of the fund is outsourced under the framework provided by the investment policy and consists principally the London Collective Investment Vehicle which manage 79% of the Fund by value.

The LGPS is subject to a triennial valuation which determines the contribution rates for the next three years. The Fund's actuary is Mercer Limited. At the last valuation in 2022, the Fund was valued at 81% solvency meaning that there was a shortfall of £245m against the Fund's overall liabilities. The Fund's Funding Strategy Statement sets out a deficit recovery plan designed to improve solvency to 100% over 16 years from 2022.

For the period covered by the 2022 triennial valuation, the Council paid normal contributions at 15.6% (14.7% in 2019/20) of pensionable pay plus contributions of £10.39 million towards recovering the deficit. In April 2020, the Council made a prepayment of pension fund contributions of £53.5 million to the pension fund for all the deficit contributions and an estimate of the normal contributions for the three years 2020/21 to 2022/23. This generated a cash saving of £3.5 million to the Council and improved funding for the pension fund.

The principal risks to the Council from participation in the LGPS are:

- If future investment returns are lower than expected, the costs of benefit will increase because members are living longer than expected;
- If improvements in life expectancy are greater than expected, the cost of benefits will increase because members are living longer than expected;
- If members make decisions about their options which increase liabilities, the funding level may worsen. An example would be if fewer members commute their future pensions into cash than expected then this will increase liabilities.

A significant risk is that 64% of the Fund's assets are invested in equity funds. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

### Discretionary post-retirement benefits

Both the LGPS and the Teachers' Pension Scheme permit employers to make discretionary awards of post-retirement benefits upon early retirement. These are unfunded defined benefit arrangements, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due.

**Note 31: Defined Benefit Pension Schemes (continued)**

**Transactions relating to post-employment benefits**

The Council recognises the cost of post-employment benefits in the reported cost of services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post employment/retirement benefit is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement, the General Fund balance and HRA via the Movement in Reserves Statement during the year.

2021/22 RESTATED				2022/23			Notes
LGPS	Unfunded discretionary benefits	Total		LGPS	Unfunded discretionary benefits	Total	
£'000	£'000	£'000		£'000	£'000	£'000	
			<b>Comprehensive Income and Expenditure Statement</b>				
			<i>Cost of services:</i>				
44,998	-	44,998	Current service cost	51,663	-	51,663	(i)
-	-	-	Past service cost	-	-	-	
1,407	-	1,407	Losses/(gains) on curtailments and settlements	74	-	74	
			<i>Other operating expenditure:</i>				
786	-	786	Pension Administration expenses	880	-	880	
			<i>Financing and investment income and expenditure:</i>				
14,689	502	15,191	Interest cost	20,865	625	21,490	(ii)
<b>61,880</b>	<b>502</b>	<b>62,382</b>	<b>Total Post employment benefit charged to the (surplus)/deficit on provision of services</b>	<b>73,482</b>	<b>625</b>	<b>74,107</b>	
			<i>Other Post employment benefit charged to the Comprehensive Income and Expenditure Statement</i>				(iv)
			<i>Remeasurement of the net defined benefit liability comprising:</i>				
19,355	-	19,355	- Return on plan assets, excluding the amount included in the net interest expense	(15,343)		(15,343)	(iii)
4,465	68	4,533	- Experience (gain)/loss	213,608	10,299	223,907	
(720)	-	(720)	- Actuarial gains/(losses) arising from changes in financial assumptions	(601,096)	(5,622)	(606,718)	
(12,042)	(172)	(12,214)	- Actuarial gains(losses) arising from changes in demographic assumptions	(44,087)	(558)	(44,645)	
<b>72,938</b>	<b>398</b>	<b>73,336</b>	<b>Total Post employment benefit charged to the Comprehensive Income and Expenditure State</b>	<b>(373,436)</b>	<b>4,744</b>	<b>(368,692)</b>	
			<b>Movement in Reserves Statement</b>				
(61,880)	(502)	(62,382)	Reversal of net charges made to the (surplus)/deficit on provision of services for post employment benefits in accordance with the Code (including Administration expenses)	(73,482)	(625)	(74,107)	
			<i>Actual amount charged against the General Fund balance for pensions in the year:</i>				
<b>31,442</b>	<b>2,016</b>	<b>33,458</b>	<b>Employers' contributions payable to scheme</b>	<b>23,027</b>	<b>2,040</b>	<b>25,067</b>	(v)

(i). The current service cost is an estimate of the true economic cost of employing people in a financial year. It measures the full liability estimated to have been generated in the year.

(ii). Interest cost is the amount needed to unwind the discount applied in calculating the defined benefit obligations (liability). As members of the plan are one year closer to receiving their pension, the provisions made at present value in previous years for their retirement costs need to be uplifted by a year's discount to keep pace with current values.

(iii). The expected return on assets is a measure of the return on the investment assets held by the plan for the year. It is not intended to reflect the actual realised return by the plan but a longer term measure based on the value of assets at the start of the year taking into account movements in assets during the year and an expected return factor.

(iv). Actuarial gains and losses arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have been changed.

(v). Employer normal contributions % of pay plus Employer normal contributions lump sum, adjusted for the Council element to reflect the pre-paid future service contributions for 2017/18.

Note 31: Defined Benefit Pension Schemes (continued)

ASSETS AND LIABILITIES IN RELATION TO POST-EMPLOYMENT BENEFITS

2021/22 RESTATED				2022/23		
LGPS	Unfunded discretionary benefits	Total		LGPS	Unfunded discretionary benefits	Total
£'000	£'000	£'000		£'000	£'000	£'000
(1,558,771)	(24,917)	(1,583,688)	<b>Opening balance at 1 April</b>	(1,593,856)	(23,299)	(1,617,155)
(44,998)	-	(44,998)	Current service cost	(51,663)	-	(51,663)
(32,361)	(502)	(32,863)	Interest on pension liabilities	(44,192)	(625)	(44,817)
(7,777)	-	(7,777)	Member contributions	(8,644)	-	(8,644)
-	-	-	Past service cost (gain)	-	-	-
			<i>Remeasurement gain/(loss):</i>			
12,042	172	12,214	- Actuarial gains/(losses) arising from changes in demographic assumptions	44,087	558	44,645
720	-	720	- Actuarial gains/(losses) arising from changes in financial assumptions	601,096	5,622	606,718
(4,465)	(68)	(4,533)	- Experience gain/(loss)	(213,608)	(10,299)	(223,907)
43,161	2,016	45,177	Estimated benefits paid	39,640	2,040	41,680
(1,407)	-	(1,407)	Curtailments	(74)	-	(74)
-	-	-	Settlements	-	-	-
<b>(1,593,856)</b>	<b>(23,299)</b>	<b>(1,617,155)</b>	<b>Closing balance at 31 March</b>	<b>(1,227,214)</b>	<b>(26,003)</b>	<b>(1,253,217)</b>
			<b>Reconciliation of fair value of the scheme assets</b>			
<b>843,491</b>	-	<b>843,491</b>	<b>Opening balance at 1 April</b>	<b>837,080</b>	-	<b>837,080</b>
17,672	-	17,672	Interest on plan assets	23,327	-	23,327
			<i>Remeasurement gain/(loss):</i>			
(19,355)	-	(19,355)	- the return on plan assets, excluding the amount included in the net interest expense	15,343	-	15,343
(786)	-	(786)	Administration expenses	(880)	-	(880)
31,442	2,016	33,458	Employer contributions	23,027	2,040	25,067
-	-	-	(Loss) on settlement	-	-	-
7,777	-	7,777	Contributions by scheme participants	8,644	-	8,644
(43,161)	(2,016)	(45,177)	Benefits paid	(39,640)	(2,040)	(41,680)
<b>837,080</b>	-	<b>837,080</b>	<b>Closing balance at 31 March</b>	<b>866,901</b>	-	<b>866,901</b>

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.

The actual return on scheme assets in 2022/23 was a loss of £29.158 million (loss of £13.476 million in 2021/22).

**Note 31: Defined Benefit Pension Schemes (continued)**

**Pensions Assets and Liabilities recognised in the Balance Sheet**

The amount included in the Balance Sheet arising from the Council's obligations in respect of its defined benefit plans is as follows:

2021/22 RESTATED				2022/23		
LGPS	Unfunded discretionary benefits	Total		LGPS	Unfunded discretionary benefits	Total
£'000	£'000	£'000		£'000	£'000	£'000
(1,593,856)	(23,299)	(1,617,155)	Present value of defined benefit obligation	(1,227,214)	(26,003)	(1,253,217)
837,080	-	837,080	Fair value of employer assets	866,901		866,901
<b>(756,776)</b>	<b>(23,299)</b>	<b>(780,075)</b>	<b>(Deficit)/gain in the scheme</b>	<b>(360,313)</b>	<b>(26,003)</b>	<b>(386,316)</b>

Statutory arrangements are in place whereby any deficit on the scheme is made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. Hence, the deficit does not adversely impact on the financial position of the Council which remains healthy.

**Assets in the scheme**

Assets in the LGPS comprised:

2021/22 RESTATED			2022/23	
£'000	%		£'000	%
606,006	72%	Equities	551,349	63%
82,094	10%	Bonds	127,434	15%
82,249	10%	Property	91,892	11%
9,234	1%	Cash/liquidity	50,280	6%
57,497	7%	Other	45,946	5%
<b>837,080</b>	<b>100%</b>		<b>866,901</b>	<b>100%</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. The scheme has been assessed by Mercer Human Resource Consulting Ltd, an independent firm of actuaries with the estimates being based on the latest full valuation of the scheme as at 31 March 2022.

**Note 31: Defined Benefit Pension Schemes (continued)**

The principal assumptions used by the actuary have been:

2021/22 RESTATED		2022/23
LBWF		LBWF
%		%
3.4	Rate of inflation (CPI)	2.7
4.9	Rate of increase in salaries *	4.2
3.5	Rate of increase in pensions	2.8
2.8	Rate for discount scheme liabilities	4.8

\* An adjustment was made for short term pay restraint in line with the latest actuarial valuation

Life expectancy has been based on actuarial tables projected to calendar year 2042 for future pensioners.

Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Mortality assumptions	Males	Females
Longevity at 65 for current pensioners	21.8	24.1
Longevity at 65 for future pensioners (in 20 years' time)	23.1	25.7

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Increase in Assumption £'000	Decrease in Assumption £'000
Longevity (increase or decrease in 1 year)	(26,074)	26,074
Rate of inflation (increase or decrease by 0.25%)	(47,451)	47,451
Rate of increase in salaries (increase or decrease by 0.25%)	(3,554)	3,554
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	88,420	(88,420)
Estimated investment return (increase or decrease by 1%)	8,629	(8,629)

**Risk management strategy**

The Pension Committee uses Risk Attribution Analysis to prioritise the main investment risks facing the Fund. The principal risks are a fall in equity markets and a rise in inflation. To mitigate these risks, the Investment Strategy of the Fund aims to diversify away from equities into alternatives and bonds, and to invest in assets which generate returns exceeding inflation or providing inflation lined income.

**Note 31: Defined Benefit Pension Schemes (continued)**

**Impact on the Council's Cash flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Pension Committee has agreed a strategy with the scheme actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025

When the current version of the LGPS was introduced in 2014 under the LGPS Regulations 2013, transitional provisions were enacted for older members of the LGPS to mitigate the impact of the move away from a final salary based pension to a career average revalued earnings (CARE) scheme. These changes were part of the overall reform of public service pension schemes under the Public Service Pensions Act 2013.

Two employment tribunals (the McCloud and Sargeant judgements) and the Appeal Court have found that the transitional provisions contravened age discrimination legislation, and therefore, the changes introduced by the 2013 Act would need to be remedied. Whilst the two judgements affect the judges and firefighters pension schemes, the Government has accepted that remedies relating to the McCloud judgement are needed in relation to all public service pension schemes and a consultation was published in July 2020 with a proposed remedy for LGPS. The key feature of the proposed remedy is to extend the final salary scheme underpin to a wider group of members for service up to 31 March 2022. This applies to all members who were active on or before 31 March 2012 and either remain active or left service after 1 April 2014. The IAS19 valuation includes an allowance for the impact of the judgements in current service cost. The judgements were taken into account in the 2019 triennial funding valuation to set the contributions for the period 2020/21 to 2022/23. The 2022 triennial valuation includes provision for McCloud costs within the secondary contribution rate for each employer.

The Council expects to pay £35.198m to the scheme in 2023/24.

**Note 32: Cash Flow Statement - Operating Activities**

2021/22 RESTATED		2022/23
£'000		£'000
(34,873)	<b>Net surplus or (deficit) on the provision of services</b>	<b>(103,183)</b>
	<i>Adjustments for non-cash movements:</i>	
69,390	Depreciation, impairments and downward revaluation	96,634
58,684	Net increase/decrease in creditors, debtors and inventories	(14,874)
28,924	Pensions liability	49,040
29,123	Carrying amount of non-current assets sold	45,733
(1,416)	Other non-cash items	(8,634)
<b>184,705</b>		<b>167,899</b>
	<i>Adjustments for items that are investing or financing activities:</i>	
	- Capital grants	(31,819)
	- Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-
(43,359)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(31,054)
(30,661)	Any other items for which the cash effects are investing or financing cash flows	-
<b>(74,020)</b>		<b>(62,873)</b>
<b>75,812</b>	<b>Net cash flows from operating activities</b>	<b>1,843</b>



**Note 32: Cash Flow Statement - Operating Activities (continued)**

The cash flows for operating activities include the following items:

2021/22		2022/23
£'000		£'000
1,623	Interest received	4,795
(16,879)	Interest paid	(19,078)

**Note 33: Cash Flow Statement - Investing Activities**

2021/22		2022/23
£'000		£'000
(142,937)	Purchase of property, plant and equipment, investment property and intangible assets	(109,227)
(72,000)	Purchase of short-term and long-term investments	(280,277)
(12,985)	Other payments for investing activities	(9,113)
31,119	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	31,054
87,028	Proceeds from short-term and long-term investments	272,506
29,582	Other receipts from investing activities (capital grants)	40,225
<b>(80,193)</b>	<b>Net cash flows from investing activities</b>	<b>(54,832)</b>

**Note 34: Cash Flow Statement - Financing Activities**

2021/22		2022/23
£'000		£'000
172,405	Cash receipts of short-term and long-term borrowings	174,419
(6,346)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(6,844)
5,944	Other receipts from financing activities	-
(147,015)	Repayments of short-term and long-term borrowing	(140,448)
<b>24,988</b>	<b>Net cash flows from financing activities</b>	<b>27,127</b>

## Note 35: Related Party Transactions

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

### Central government

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

Grant funding received by the Council is set out in **Notes 7, 12 and 13**.

### Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in **Note 10**.

The following Members held positions of control or significant influence in related parties to the Council during 2022/23:

Councillor Clyde Loakes is the Chair of North London Waste Authority. The Council pays an annual levy to NLWA each year for domestic and non-domestic waste collection (£9.250 million and £145K respectively in 2022/23).

Councillor Simon Miller was a Director of Evolve Norse Ltd until 29th April 2022, who manage the Council's building consultancy function.

Councillor Marie Pye is a board member of Transport for London.

Councillor Elizabeth Baptise is the Board Director of Engage Plus.

Councillor Catherine Saumarez is on the Management Board for Highams Park Food Hub.

Councillor Jonathan O'Dea is renting a Lloyd Park Studio from Waltham Forest Council.

Councillor Sally Little John is a trustee and treasurer of CannHallCan charity, which pays a quarterly rent for a lease on a Council-owned building in Cann Hall Park.

Councillor Richard Sweden is a trustee of Leyton Orient Trust, which has a financial relationship with the Council with regard to the use of the Score Centre which occupies and manages by the Trust and the Council owns.

Councillor Paul Douglas is a board member of North London Waste Authority.

### Chief Officers

During 2022/23 chief officers declared an interest in the following:

	Chief Officers
Advisory Board Member CCLA Public Sector Deposit Fund	1

**Note 35: Related Party Transactions (continued)**

**Entities controlled or significantly influenced by the Council**

Name and company number	Nature of the Council's interest	Net worth of the company at 31 March 2023	Principal activities	Transactions with the Council 2022/23
Sixty Bricks Ltd (10593957)	100% shareholding (100 £1 shares)	Projected Deficit of £26k at 31 March 2023	The aim of the company is to acquire, develop and subsequently sell, let and manage residential, commercial and retail properties on a mixture of market and affordable tenures.	The Council has advanced a loan to the company to provide working capital, £1.347m was outstanding at 31/03/23. Interest of £253k has been charged on the loan to date. The Council has advanced a loan to the company to provide further funding for a Phase 2 Pipeline, £1.065m was outstanding at 31/03/23. Interest of £52k has been charged on the loan to date. The Council has also advanced development finance for housing schemes. For Priory Court, this totals £461k to date and £37k of interest has been charged on the advance to date. For Essex Close, this totals £4.034m to date and £382k of interest has been charged on the advance to date. For South Grove, this totals £13.4m to date and £1.4m of interest has been charged on the advance to date. For Centenary House, this totals £6.3m to date and £777k of interest has been charged on the advance to date.
More Homes Waltham Forest LLP (OC421986)	50/50 Joint Venture with Mears Housing Management (Holdings) Limited.	£2.1m projected deficit at 31 March 2023	The LLP has been set up to help provide housing for people currently in temporary accommodation.	Nil.
Waltham Forest Services Ltd (10912148)	100% shareholding (100 £1 shares)	£1.4m retained earnings at 31 December 2023	Provides a variety of services on a commercial basis including house clearance, gardening, handyperson and pest control.	The company owes the Council £2,202,194.78 at 31 March 2023.
Waltham Forest Trading Ltd (10912348)	100% shareholding (100 £1 shares)	£100 retained earnings at 31 March 2023	Currently dormant	Nil.
Walthamstow Scene Ltd (9112012)	100% shareholding (100 £1 shares)	£1 retained earnings at 31 March 2023	Currently dormant	Nil.
Evolve Norse Limited (06078945)	20% shareholding (two £1 shares)	£1.65m projected retained earnings at 31 March 2023	Property consultancy (the Council is the company's principal customer)	Sales to the Council were £4.4m in 2022/23. Net debtor balances due to the company from the Council were £0.2m at 31 March 2023.
Waltham Forest Local Education Partnership (LEP) Limited (06009180)	10% shareholder, owning 5,500 £1 shares	£35k deficit at 31 December 2022	Provides facilities management services to a number of schools and colleges in the Borough.	Nil.
BY Education (Waltham Forest) Limited (06009302)	10% shareholder, owning 5,000 £1 shares	£523k retained earnings at 31 December 2022	Design, refurbishment and construction of educational facilities in the Borough under the Government's Private Finance Initiative (PFI)	Sales to the Council were £3.8m in 2022/23. Net debtor balance due to the company from the Council was Nil.
BY Education (Waltham Forest) Holdings Limited (06009403)	10% shareholder, owning 5,000 £1 shares	£51k Equity Shareholders' funds at 31 December 2022	Design, refurbishment and construction of educational facilities in the Borough under the Government's Private Finance Initiative (PFI).	Nil.

From March 2017, Westminster City Council took on the delegated executive function for making decisions on formal representations and appeals for Waltham Forest Parking Penalty Charge notices.

The Chief Executive of the Council is a William Morris Gallery Trustee. During 2021/22, the Council provided funding of £49k to William Morris Gallery (£179k in 2020/21)

## **Note 35: Related Party Transactions (continued)**

### **Other public bodies**

From 1 September 2017, the Council entered into a tri-borough agreement to run a joint Civil Contingencies service with the London Borough of Barking and Dagenham and the London Borough of Redbridge.

The Procurement Team have been providing services to the London Borough of Redbridge since September 2016. On the 1 November 2017, a formalised shared service agreement with L.B. Redbridge went live.

The Council acts as the lead borough for the East London Coroners Service. The other partners are the London Boroughs of Redbridge, Barking and Dagenham, Newham and Havering.

The Dog Enforcement Team is contracted to provide services to the Metropolitan Police, Epping Forest District Council and the London Boroughs of Enfield, Hackney and Havering.

From March 2017, Westminster City Council took on the delegated executive function for making decisions on formal representations and appeals for Waltham Forest Parking Penalty Charge notices.

## **Note 36: Contingent Liabilities**

### **Mental Health Act 1983 Section 117**

Mental Health Act 1983 Section 117 In 2002 a judgement of a case involving another local authority found that they had acted unlawfully in charging for residential and community care for patients who had been admitted compulsorily under the Mental Health Act 1983 and who were subsequently discharged with support under section 117 of the Act. In line with the court ruling, research going back to 1983 indicates potential further claims in the order of £1.87 million including accumulated interest. However, the level of actual claims remains low and is being met from the annual revenue budget.

### **More Homes Waltham Forest LLP**

The Council has entered into a joint venture (JV) agreement, More Homes Waltham Forest LLP. Under the terms of a deed of covenant and guarantee, the Council has agreed to underwrite any shortfall in rental income and interest. Whilst the guarantee does not limit these payments to specific circumstances, or circumstances expected to be wholly under the control of the Council, the provision may appear to be genuine. The LLP has also entered into a loan agreement with BAE Pension Fund for c£100m which is guaranteed by the Council if the LLP were to default on any payments or fail to comply with any condition of the contract. Due to the long-term nature of the arrangement and the nature of the financial liability, there is no directly observable evidence of the fair value. It is not possible, at this stage, to calculate the likely exposure to the Council as it is dependent on a number of factors and a realistic estimate cannot be quantified. A detailed analysis of the risks borne by the Council has been undertaken and it has been determined that the likelihood of any material settlement of the obligation is unlikely.

### **DWP Earnings Support Allowance**

DWP Earnings Support Allowance. DWP error in moving disabled and chronically ill benefit claimants from legacy disability benefit to contribution based ESA for the period 2011-2014 resulting in potential social care overcharges. Waltham Forest is in the process of assessing whether the council is liable to reimburse overcharges with the likelihood being that the council is as another local authority has recently deemed themselves liable. The council does not know the potential value of the liability at this point due to investigations being at an early stage, it effecting numerous years and significant cohort of service users.

## Note 37: Contingent Assets

The Council is party to a joint venture (JV) arrangement, More Homes Waltham Forest LLP, in partnership with Mears Group PLC. The JV will raise its own funds to acquire homes to meet demand for temporary accommodation. The properties will be refurbished to the Decent Homes standard and the stock managed through the Mears registered housing association arm for 40 years after which time the properties will revert to the Council after the repayment of outstanding debt. Due to the long-term nature of this arrangement, it is not possible to accurately predict the financial position at its conclusion as the extent and nature of that stock will be determined by the JV in running its business and paying off its debts.

## Note 38: Events After the Reporting Period

The statement of accounts was authorised for issue by the Director of Resources on 22 06 2023. 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 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## Note 39: Highways Infrastructure Assets

### Movements on balances

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

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2021-22	2022-23
	£'000	£'000
<b>Net book value (modified historical cost)</b>		
at 1 April	110,082	105,500
Additions	5,978	5,360
Derecognition	-	-
Depreciation	(9,665)	(9,731)
Impairment		
Other movements in cost	(895)	983
<b>Net book value at 31 March</b>	<b>105,500</b>	<b>102,113</b>

	31-Mar-22	31-Mar-23
	£'000	£'000
Infrastructure assets	105,500	102,113
Other PPE assets	2,259,936	2,283,702
<b>Total PPE Assets</b>	<b>2,365,437</b>	<b>2,385,814</b>

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

## Note 40: Prior period adjustment

A review of the Council's accounts have identified that the following restatement was required to the 2021-22 figures. The original draft 2021-22 accounts were produced based on the IAS19 report from the actuary which used data for 10 months (Apr to Jan) and an estimated position for the last two months. This ensured the council had the report in time for the production of the 2021-22 Statement of Accounts. The actuary's final IAS19 report, received post publication of the 2021-22 draft accounts, was for 12 months actuals, and the net effect was a movement of £19.254m.

### Effect on the Comprehensive income and Expenditure Statement for 2021-22

	As Originally Stated	Restated for revised IAS19 Report	Change
	2021-22	2021-22	2021-22
	Net Expenditure	Net Expenditure	Net Expenditure
	£000	£000	£000
<b>Cost of Services</b>	<b>270,556</b>	<b>267,106</b>	<b>(3,450)</b>
Pension Administration Expenses	769	785	16
<b>Other Operating Expenditure</b>	<b>(2,148)</b>	<b>(2,132)</b>	<b>16</b>
Net Interest on net defined benefit liability (asset)	15,033	15,191	158
<b>Financing and investment income and Expenditure</b>	<b>29,179</b>	<b>29,337</b>	<b>158</b>
<b>(Surplus)/deficit on provision of services</b>	<b>38,149</b>	<b>34,873</b>	<b>(3,276)</b>
Remeasurement of the net defined benefit liability	26,932	10,954	(15,978)
<b>Other Comprehensive income and expenditure</b>	<b>8,527</b>	<b>(7,451)</b>	<b>(15,978)</b>
<b>Total Comprehensive income and expenditure</b>	<b>46,676</b>	<b>27,422</b>	<b>(19,254)</b>

### Effect on the Balance Sheet 31 March 2022

	As Originally Stated	Restated for revised IAS19 Report	Change
	31/03/2022	31/03/2022	31/03/2022
	£000	£000	£000
Pension Liability	(799,329)	(780,075)	19,254
<b>Long Term Liabilities</b>	<b>(1,126,581)</b>	<b>(1,107,327)</b>	<b>19,254</b>
<b>Net Assets</b>	<b>1,244,480</b>	<b>1,263,734</b>	<b>19,254</b>

Pensions Reserve	799,329	780,075	(19,254)
<b>Unusable Reserves</b>	<b>(1,082,737)</b>	<b>(1,101,991)</b>	<b>(19,254)</b>
<b>Total Reserves</b>	<b>(1,244,480)</b>	<b>(1,263,734)</b>	<b>(19,254)</b>

### Effect on the Movement in Reserve Statement - 2021-22

	As Originally Stated	Restated for revised IAS19 Report	Change
	2021-22	2021-22	2021-22
	Usable reserves	Usable reserves	Usable reserves
	£000	£000	£000
<b>Balance as at the end of the previous reporting period 31 March 2020-21</b>	<b>(183,886)</b>	<b>(183,886)</b>	<b>0</b>
<b>Surplus (deficit) on Provision of Services</b>	<b>38,149</b>	<b>34,873</b>	<b>(3,276)</b>
Other Comprehensive Income and Expenditure	0	0	0
<b>Adjustments between accounting basis and funding basis under regulations</b>	<b>(14,185)</b>	<b>(10,909)</b>	<b>3,276</b>
Transfer to/from earmarked reserves	(1,820)	(1,820)	0
<b>Balance as at the end of the current reporting period 31 March 2021-22</b>	<b>(161,742)</b>	<b>(161,742)</b>	<b>0</b>

	As Originally Stated	Restated for revised IAS19 Report	Change
	2021-22	2021-22	2021-22
	Unusable Reserves	Unusable Reserves	Unusable Reserves
	£000	£000	£000
	<b>(1,107,268)</b>	<b>(1,107,268)</b>	<b>0</b>
	<b>0</b>	<b>0</b>	<b>0</b>
	8,527	(7,451)	(15,978)
	<b>14,185</b>	<b>10,909</b>	<b>(3,276)</b>
	1,820	1,820	0
	<b>(1,082,736)</b>	<b>(1,101,990)</b>	<b>(19,254)</b>

\*Please note that all of the disclosures within the 2022-23 Statement of Accounts which contain any of the items above have been restated for 2021-22.

## SECTION – 4

### SUPPLEMENTARY FINANCIAL STATEMENTS

<b>Supplementary Financial Statements</b>	<b>Page Number</b>
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## Housing Revenue Account (HRA) - Income and Expenditure Statement

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

2021/22	Expenditure	2022/23	Note
£'000		£'000	
10,028	Repairs and maintenance	17,766	
28,713	Supervision and management	30,621	
186	Rents, rates, taxes and other charges	1,840	
16,607	Depreciation and impairment of non current assets	66,363	5
323	Debt management costs	148	
(1,746)	Transfer to/from Provision	557	
2,896	Increase/(decrease) in the provision for bad debts	(3,613)	
<b>57,007</b>	<b>Total expenditure</b>	<b>113,682</b>	
	<b>Income</b>		
(54,875)	Dwelling rents	(56,635)	
(708)	Non-dwelling rents	(475)	
(5,839)	Charges for service and facilities	(6,990)	
(3,087)	Contributions towards expenditure	(939)	
<b>(64,509)</b>	<b>Total income</b>	<b>(65,039)</b>	
<b>(7,502)</b>	<b>Net cost or (income) of HRA services as included in the whole authority Comprehensive Income and Expenditure Statement</b>	<b>48,643</b>	
158	HRA services share of Corporate and Democratic Core	51	
<b>(7,344)</b>	<b>Net cost of HRA Services</b>	<b>48,694</b>	
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>		
(2,955)	(Gain) or loss on sale of HRA non current assets	13,880	
7,966	Interest payable and similar charges	8,024	
(211)	HRA interest and investment income	(724)	
695	Pension Liability, interest cost & expected return on pension asset	1,354	
(9,764)	Capital grants and contributions receivable	(14,620)	
<b>(11,613)</b>	<b>(Surplus) or deficit for the year on HRA Services</b>	<b>56,608</b>	



## Statement on The Movement on The Housing Revenue Account

The overall objectives for the Movement on the HRA Statement and the general principles for its construction are the same as those generally for the Movement in Reserves Statement, into which it is consolidated. The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2021/22		2022/23	
£'000		£'000	Note
(3,318)	<b>Balance on the HRA as at 1 April</b>	(5,479)	
(11,613)	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement	56,608	
	<b>Adjustments between accounting basis and funding basis:</b>		
40	Amount by which finance costs chargeable in accordance with the Code are different from finance costs chargeable in year under statutory requirements		
(16,607)	Depreciation & impairments	(66,363)	
2,955	(Gain)/loss on HRA disposals	(13,880)	
(1,417)	Net charges for pensions	(2,943)	
8,971	Use of capital grants to finance capital expenditure	12,896	
5,800	Capital expenditure charged to HRA balance		
(16)	Accumulated absences adjustment	(51)	
12,168	Transfer to the Major Repairs Reserve	12,354	
<b>281</b>	<b>Net (increase) or decrease before transfers to or from reserves</b>	<b>(1,379)</b>	
(2,442)	Transfers to or (from) earmarked reserves	858	
<b>(2,161)</b>	<b>(Increase) or decrease in year on the HRA</b>	<b>(521)</b>	
<b>(5,479)</b>	<b>HRA Balance at 31 March</b>	<b>(6,000)</b>	

## Housing Revenue Account Notes

### Note 1: Housing Stock

As at 31 March 2023 the Council was responsible for managing a housing stock of 9,937 dwelling units, and the stock was made up as follows:

2021/22	Type of accommodation	2022/23
4,628	Low rise flats	4,313
1,038	High rise flats	1,305
3,717	Houses and bungalows	3,697
465	Sheltered accommodation	460
139	Multi occupied	162
<b>9,987</b>	<b>Total</b>	<b>9,937</b>

The change in stock can be summarised as follows:

2021/22		2022/23
10,001	Stock at 1 April	9,987
(58)	Right to Buy sales	(66)
(8)	Non Right to Buy sales	(11)
-	Demolitions	(111)
-	Adjustment	(45)
52	New Build	177
-	Additions	6
<b>9,987</b>	<b>Stock at 31 March</b>	<b>9,937</b>

**Note 1: Housing Stock (continued)**

The total Balance Sheet value of the Council's HRA assets at 1st April 2022 was £1,034m and at 31st March 2023 was £1,047m, analysed as follows:

2021/22		2022/23
£'000		£'000
	<b>Operational assets</b>	
925,808	Council dwellings	998,572
92,499	Assets under construction	30,924
-	Land	-
15,698	Other property	17,666
<b>1,034,005</b>		<b>1,047,162</b>
	<b>Non-operational assets</b>	
-	Assets held for sale	4,454
<b>1,034,005</b>	<b>Total asset value</b>	<b>1,051,616</b>

The value of the council dwellings was restated to ensure that the valuation fully complied with the DCLG's Stock Valuation Guidance and split the value of the stock between land and buildings, so that only the building component was subject to depreciation

**Note 2: Vacant Possession Value**

Dwellings are initially valued at open market value assuming vacant possession. The vacant possession value of the HRA tenanted dwellings was £3.856m at 31 March 2023 (£3,649m at 31 March 2022). The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA reflects that tenancies are held on a secure basis without vacant possession.

The Balance Sheet value is determined by applying the Government prescribed discount factor (the vacant possession discount factor) to the vacant possession value of the stock. The vacant possession discount factor was:

Council dwellings in Walthamstow	25%
Council dwellings in Epping and Basildon BC	38%

### Note 3: Capital Expenditure and Financing

During 2022/23, the Council incurred £39.428m capital expenditure on land, houses and other properties within the HRA (2021/22: £53.6m). The detail of expenditure and the methods of financing are detailed below:

2022/23	Total expenditure	Sources of funding						
		Borrowing	Major Repairs Reserve	Revenue contributions	Capital receipts	Grants/ contributions	Capital Reserve	Total financing
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Council dwellings	20,400		12,064		5,822	320	2,194	20,400
Assets under construction	19,028		293		4,998	13,597	140	19,028
<b>Balance as at 31 March</b>	<b>39,428</b>	-	<b>12,357</b>	-	<b>10,820</b>	<b>13,917</b>	<b>2,334</b>	<b>39,428</b>

2021/22	Total expenditure	Sources of funding						
		Borrowing	Major Repairs Reserve	Revenue contributions	Capital receipts	Grants/ contributions	Capital Reserve	Total financing
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Council dwellings	19,801	-	12,168	1,850	-	5,783	-	19,801
Assets under construction	33,812	11,625	-	-	15,763	6,424	-	33,812
<b>Balance as at 31 March</b>	<b>53,613</b>	<b>11,625</b>	<b>12,168</b>	<b>1,850</b>	<b>15,763</b>	<b>12,207</b>	-	<b>53,613</b>

### Note 4: Capital receipts

Capital receipts from disposals of land, houses and other property within the HRA were as follows:

2021/22		2022/23
16,644	Council dwellings	20,661
85	Other property	6
<b>16,729</b>		<b>20,667</b>

## Note 5: Depreciation and impairment

During 2022/23 the overall carrying value of the council dwellings stock increased from £925.808m to £998.572m. After taking account of additions and disposals in the year this resulted in a net revaluation gain of £24.329m. This net revaluation movement comprised of a total gain of £136.028m recognised against those with an upwards movement, however there was also a revaluation loss of £111.699m against other properties.

During 2021/22 the value of the council dwellings stock decreased from £926.066m to £925.808m. After taking account of additions and disposals in the year this resulted in a revaluation loss of £0.667m. Of this £3.373m in respect of the land component of council dwellings was charged to the revaluation reserve, and there was a revaluation loss charged to the HRA Income and Expenditure Account of £2.707m in respect of the building component of council dwellings, because there is no revaluation reserve credit balance in respect of the buildings component.

2021/22		2022/23
£'000		£'000
	<b>Depreciation</b>	
11,784	Council dwellings	11,950
384	Other property	407
<b>12,168</b>		<b>12,357</b>
	<b>Impairment</b>	
15,538	Council dwellings	111,699
2,312	Other property	
<b>17,850</b>		<b>111,699</b>
<b>30,018</b>	<b>Total depreciation and impairment</b>	<b>124,056</b>

## Note 6: Rent Arrears

2021/22		2022/23
	<b>Rent arrears comprise:</b>	
5,643	Dwellings rents	5,386
489	Other charges/adjustments	647
<b>6,132</b>		<b>6,033</b>
(5,380)	Less: Bad debts provisions	(4,968)
<b>752</b>		<b>1,065</b>

## Collection Fund Statement

The Collection Fund shows the transactions of the Council in its capacity as the billing authority in relation to the collection from taxpayers and the distribution to local authorities and the Government of council tax and non-domestic rates. There is no requirement for a separate Collection Fund balance sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the major preceptors, the billing authority and the Government.

The Council's share of council tax and non-domestic rates income is included in the Comprehensive Income and Expenditure Statement (CIES) on an accruals basis in line with the Code. However, the amount to be recognised in the General Fund is determined by regulation. Therefore, there is an adjustment for the difference between the accrued income and the statutory credit made through the Movement in Reserves Statement and to the Collection Fund Adjustment Account.

The Council is able to retain 30% of Non-Domestic Rates (NNDR) collectable; 33% is payable to Central Government and 37% to the Greater London Authority (GLA). All subsequent surpluses and deficits are shared between the Council and these preceptors in the same proportions.

2021/22				2022/23			Notes
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total	
£'000	£'000	£'000		£'000	£'000	£'000	
			<b>Income</b>				
-	148,666	148,666	Council Tax receivable	-	156,583	156,583	
-	-	-	Transfer for Transitional Relief, S13A(1)(C) Reliefs	-	-	-	
53,075	-	53,075	Business Rates receivable	54,761	-	54,761	
(32)	-	(32)	Transitional Protection Payments	133	-	133	
1,169	-	1,169	Business Rate Supplement	1,208	-	1,208	
<b>54,213</b>	<b>148,666</b>	<b>202,879</b>	<b>Total income</b>	<b>56,102</b>	<b>156,583</b>	<b>212,685</b>	
			<b>Expenditure</b>				
			<i>Apportionment of prior year surplus/deficit</i>				
(8,323)	(859)	(9,182)	- Council	(4,849)	2,307	(2,542)	
(11,106)	(200)	(11,306)	- GLA	(5,981)	560	(5,421)	
(9,881)	-	(9,881)	- Central Government	(5,334)	-	(5,334)	
			<i>Precepts</i>				
18,932	115,014	133,946	- Council	16,999	121,409	138,408	
23,349	27,893	51,242	- GLA	20,966	31,099	52,065	
20,825	-	20,825	- Central Government	18,699	-	18,699	
			<i>Business Rate Supplement</i>				
1,163	-	1,163	- Payment to levying authority (GLA)	1,202	-	1,202	
6	-	6	- Administrative costs	6	-	6	
			<i>Charges to Collection Fund</i>				
(2,893)	-	(2,893)	- Increase/(decrease) in bad debt provision	(1,721)	651	(1,070)	
(815)	1,200	385	- Increase/(decrease) in appeals provision	(2,711)	-	(2,711)	
283	-	283	- Cost of collection allowance	279	-	279	
<b>31,541</b>	<b>143,049</b>	<b>174,589</b>	<b>Total expenditure</b>	<b>37,555</b>	<b>156,026</b>	<b>193,581</b>	
(22,672)	(5,618)	(28,290)	(Increase)/decrease in fund balance for the year	(18,547)	(556)	(19,103)	
38,464	2,481	40,945	Fund balance brought forward	15,792	(3,136)	12,656	
<b>15,793</b>	<b>(3,137)</b>	<b>12,656</b>	<b>(Surplus)/deficit balance carried forward</b>	<b>(2,755)</b>	<b>(3,693)</b>	<b>(6,447)</b>	

## Notes to the Collection Fund

### Note 1: Council tax

The Council's tax base for 2022/23 - i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply), converted to an equivalent number of Band D dwellings - calculated as follows:

Band	Estimated number of dwellings after effect of discounts	Ratio	Band D equivalent dwellings	Council Tax charge per band (£)
A	5,156	6/9	2,721	1,293
B	30,600	7/9	18,267	1,509
C	37,061	8/9	27,445	1,724
D	23,101	9/9	19,626	1,940
E	8,221	11/9	9,017	2,371
F	1,796	13/9	2,444	2,802
G	419	15/9	658	3,233
H	26	18/9	41	3,880
<b>Total</b>	<b>106,380</b>		<b>80,219</b>	
Less adjustment for collection rates and anticipated changes in valuations and exemptions during the year			(1,604)	
<b>Council Tax Base</b>			<b>78,615</b>	

### Note 2: Income From Business Ratepayers

The Council collects Non-Domestic Rates for its area, based upon local rateable values calculated by the Valuation Office Agency (VOA), multiplied by a nationally determined multiplier set annually by the Chancellor of the Exchequer. The total amount collectable, less certain reliefs and other deductions, is distributed to three preceptors: the Government, the GLA and the Council.

The total non-domestic rateable value at 31 March 2023 was £176.302 million (this compares to the 31 March 2022 value of £177.281 million). The national non-domestic multiplier for the year was 51.2 pence for each pound of rateable value (51.2 pence in the pound in 2021/22). The small business non-domestic rating multiplier was 49.9 pence for each pound of rateable value (49.9 pence in the pound in 2021/22).

The Valuation Office Agency (VOA) revalues all business properties in England every five years. The latest revaluation (carried out April 2010) was delayed by the Government and the revaluation came into effect from April 2017.

### Note 3: Crossrail Business Rate Supplement

The Greater London Authority (GLA) introduced a Business Rate Supplement (BRS) on 1 April 2010 to finance £4.1 billion of the costs of the £15.9 billion Crossrail project, a vital new east-west train link that will provide a major boost to London's economy. A levy was introduced of 2p per every £1 of rateable value on non-domestic properties with a rateable value of £70,000 or more in London.

## Note 4: Collection Fund Balance

The Collection Fund is a statutory fund in which the Council records the transactions for Council Tax, and Non-Domestic Rates. In 2022/23 the balance in the Fund relating to Non-Domestic Rates reduced by £18.546m to a £2.755m surplus. In respect of Council Tax there was an in-year surplus of £0.556m, increasing the overall surplus to £3.692m.

In accordance with statutory guidance, the closing surpluses and deficits on the Fund will be shared between its preceptors in line with their precept proportions. For Council Tax, £2.866 million will be paid in 2022/23 with the remaining balance forming part of the 2023/24 balance. Similarly, £16.164 million will be paid in 2022/23, leaving a surplus payable in 2023/24.

### Share of Surplus/(Deficit)

	2023/24	2024/25	Total
	£'000	£'000	£'000
<b>Council Tax:</b>			
London Borough of Waltham Forest	(2,748)	(189)	(2,937)
Greater London Authority	(704)	(51)	(755)
	<b>(3,452)</b>	<b>(240)</b>	<b>(3,692)</b>
<b>Non-Domestic Rates:</b>			
London Borough of Waltham Forest	59	(904)	(845)
Greater London Authority	72	(1,102)	(1,030)
Central Government	64	(944)	(880)
	<b>195</b>	<b>(2,950)</b>	<b>(2,755)</b>

The Accounting Code requires the Collection Fund balance to be disaggregated. The share of any surplus/deficit relating to the GLA or Central Government is shown as a creditor/debtor, whilst the share relating to LBWF is included in the Collection Fund Adjustment Account on the balance sheet.



## SECTION – 5

### PENSION FUND ACCOUNTS AND NOTES

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#### Pension Fund Accounts and Notes

#### Page Number

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- *Notes to the Pension Fund* 122

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## SECTION – 5

### NOTES TO THE PENSION FUND

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## Pension Fund Account

2021/22		2022/23	
£'000		£'000	Note
	<b>Dealings with members, employers and others directly involved in the fund</b>		
(36,368)	Contributions	(38,431)	7
(4,552)	Transfers in from Other Pension Funds	(8,621)	8
<b>(40,920)</b>		<b>(47,052)</b>	
	<b>Benefits payable:</b>		
49,970	Benefits payable	50,853	9
6,842	Payments to and on account of leavers	6,762	10
<b>56,812</b>		<b>57,615</b>	
<b>15,892</b>	<b>Net (Additions)/Withdrawals from dealings with members</b>	<b>10,563</b>	
10,604	Management Expenses	9,070	11
<b>26,496</b>	<b>Net (Additions)/Withdrawals including fund management expenses</b>	<b>19,633</b>	
	<b>Return on investments</b>		
(14,453)	Investment income	(17,878)	12
(6,961)	Profit and losses on disposal of investments and changes in the market value of investments	45,679	13a
<b>(21,414)</b>	<b>Net return on investments</b>	<b>27,801</b>	
5,082	<b>Net (Increase)/Decrease in the net assets available for benefits during the year</b>	47,434	
(1,052,947)	<b>Opening net assets of the scheme</b>	(1,047,865)	
<b>(1,047,865)</b>	<b>Closing net assets of the scheme</b>	<b>(1,000,431)</b>	

## Net Assets Statement

2021/22		2022/23	
£'000		£'000	Note
	<b>Investment assets</b>		
150	Long term investments	150	13
1,037,659	Investment assets	995,740	13
	Investment liabilities	(7,665)	13
<b>1,037,809</b>	<b>Total Net investments</b>	<b>988,225</b>	
10,885	Current Assets	26,857	20
(829)	Creditors	(14,651)	21
<b>1,047,865</b>	<b>Net assets of the fund available to fund benefits at the end of the reporting period</b>	<b>1,000,431</b>	

**NOTE:** the fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at **Note 17a**.

## Notes to the Pension Fund

### Note 1: Description of the Fund

The London Borough of Waltham Forest Pension Fund ('the fund') is part of the Local Government Pension Scheme and is administered by the London Borough of Waltham Forest, which is the reporting entity for this Pension Fund.

#### a) General

The scheme is governed by the Public Services Pensions Act 2013 and is administered in accordance with the following legislation:

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

It is a contributory defined benefit pension scheme established to provide pension and other benefits for pensionable employees of the London Borough of Waltham Forest Council and a range of other scheduled and admitted bodies within the borough. Teachers, police, firefighters and ex-NHS workers (who transferred when Public Health became Local Authority controlled in April 2013) are not included as they come within other national pension schemes. The fund is overseen by the London Borough of Waltham Forest Pension Committee.

#### b) Membership

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

Organisations participating in the London Borough of Waltham Forest Pension Fund include:

- **Scheduled bodies**, which are automatically entitled to be members of the fund.
- **Admitted bodies**, which participate in the fund under the terms of an admission agreement between the fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

**Note 1: Description of the Fund (continued)**

The following table summarises the membership of the Fund as at 31 March 2022 and 31 March 2023:

31-March-2022		31-March-2023
63	Number of employers with active members	62
	<b>Number of active employees in scheme:</b>	
4,492	London Borough of Waltham Forest	4,676
2,447	Other employers	2,411
<b>6,939</b>	<b>Total active members</b>	<b>7,087</b>
	<b>Number of pensioners:</b>	
6,847	London Borough of Waltham Forest	7,337
1,273	Other employers	1,019
<b>8,120</b>	<b>Total pensioners</b>	<b>8,356</b>
	<b>Number of Deferred members:</b>	
6,505	London Borough of Waltham Forest	7,825
3,737	Other employers	2,824
<b>10,242</b>	<b>Total deferred pensioners</b>	<b>10,649</b>
<b>25,301</b>	<b>Total number of members in the scheme</b>	<b>26,092</b>

**c) Funding**

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022 and updated employer contribution rates came into effect from 1 April 2023 onwards. Contribution rates payable over 2022/23 were based on outcomes from 31 March 2019 actuarial valuation.

**d) Benefits**

Prior to 1 April 2014, pension benefits 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.

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the LGPS website below:

[www.lgpsmember.org](http://www.lgpsmember.org)

## Note 2: Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2022/23 financial year and its financial position at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) which is based upon International Financial Reporting Standards (IFRS,) as amended for the UK public sector. The accounts are prepared on a going concern basis which has been confirmed by management following a review of:

- Current funding levels
- Medium term and short-term cash flow forecasts
- Liquidity of investment holdings
- Expected timing of future retirements
- Admissions policies and employer covenant reviews.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2022/23.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed in Note 18.

## Note 3: Summary of Significant Accounting Policies

### Fund Account - revenue recognition

#### a) Contribution income

Normal contributions are accounted for on an accrual basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates linked to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate.
- Employer deficit funding contributions are accounted for on the basis advised by the fund actuary in the rates and adjustment certificate issued to the relevant employing body or on receipt if earlier than the due date
- Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose
- Any contributions due but unpaid will be classed as a current financial asset

### Note 3: Summary of Significant Accounting Policies (continued)

#### b) Transfers to and from other schemes

Individual transfers in or out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in, see **Note 8**.

#### c) Investment income

- Interest income is recognised as it accrues, using the effective interest rate of the financial instrument at the date of acquisition or origination.
- Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received at the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Distributions from pooled funds are recognised at the date of issue. Any amounts not received by the end of the reporting period are disclosed in the net assets statement as a current financial asset.
- Changes in the net market value of investments are recognised in the Fund Account and comprise all realised and unrealised profits/losses during the year.

#### Fund account - expense items

#### d) Benefits payable

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

#### e) Taxation

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

#### f) Management expenses

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

#### Administrative expenses

All direct costs of the pensions administration team are charged as administrative expenses to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.



**Note 3: Summary of Significant Accounting Policies (continued)**

**Oversight and governance costs**

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

**Investment management expenses**

- Investment management expenses are charged directly to the fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted of quarterly valuations by investment managers, these expenses are shown separately in Note 11a and grossed up to increase the change in value of investments.
- Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.
- In addition, the fund negotiated with Darwin Leisure Property Fund, Capital Dynamics, Global Infrastructure Partners, IVUK and Invesco an element of their fee be performance related. Where an investment manager's fee note has not been received by year-end, an estimate based on the market value of their mandate at 31 March is used for inclusion in the fund account.
- The cost of a proportion of the time spent by officers on investment management activity is also charged to the fund.

**Net Assets Statement**

**g) Financial assets**

All investment assets are included in the financial statements on a fair value basis as at the reporting date in accordance with the requirements of the Code and IFRS13 (see Note 16). 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).

Investment assets are recognised in the Net Assets 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 13a. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the Fund Account.

Any financial assets not relating to investments are carried in the net asset statement at amortised cost, i.e. the outstanding principal receivable as at the year-end date plus accrued interest.

**h) Foreign currency transactions**

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

### **Note 3: Summary of Significant Accounting Policies (continued)**

#### **i) Cash and cash equivalents**

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of change in value.

#### **j) Financial assets at amortised cost**

A financial liability is recognised in the Net Asset Statement on the date the Fund becomes legally responsible for that liability. The Fund recognises financial liabilities relating to investment trading at Fair Value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the Fund Account as part of the Change in Value of Investments. Any financial liabilities not relating to investments are classified as liabilities held at amortised cost and are carried in the Net Asset Statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in Administration costs.

#### **k) Financial liabilities**

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement, see Note 18.

#### **l) Actuarial present value of promised retirement benefits**

The London Borough of Waltham Forest Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. 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 but are disclosed as a note only, see Note 21.

#### **m) Contingent Assets and Contingent Liabilities**

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

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed in the notes.

## Note 4: Critical Judgements in Applying Accounting Policies

### Pension Funding Arrangements (note 17)

Independent re-valuations by the Fund's appointed actuary are carried out every three years. These triennial re-valuations are used to set future contribution rates and underpin the fund's investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return. This valuation is subject to a number of significant financial and demographic assumptions which are discussed and agreed with management and have been summarised in Note 17. The most significant of these assumptions relate to pensioner longevity, changes to pay and pensioners' benefit entitlements, movements in the CPI and forecast discount rates.

## Note 5: Key accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations, however actual outcomes could be different from the assumptions and estimates made.

Items in the Net Asset Statement where there is a significant risk of material adjustment in 2022/23 are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 18)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. Independent actuaries are engaged to provide the Fund with expert advice about the assumptions to be applied.	For instance: <ul style="list-style-type: none"> <li>a 0.5% increase in the discount rate would reduce future pension liabilities by c£107m</li> <li>a 0.25% increase in earnings inflation would increase future pension benefits by c.£5m</li> <li>a one-year increase in assumed life expectancy would increase future pension benefits by c£30m.</li> </ul>
Level 3 investments (Note 14)	Valuation techniques based on unobservable price inputs are used to determine the carrying value of pooled investment assets such as property unit trusts, hedge funds, infrastructure and social impact funds.	Changes in the valuation assumptions used could affect the fair value of level 3 investments by up to 7.1% ie an increase or decrease of £9.5m on carrying values of £133m.

## Note 6: Events After the Balance Sheet Date

No significant events have occurred between the Balance Sheet date of 31 March 2023 and the date that these financial statements were authorised for issue.

## Note 7: Contributions Receivable

### By type of employer

2021/22	Authority	2022/23
£'000		£'000
23,806	Administering authority	(22,644)
11,749	Scheduled bodies	(14,799)
813	Admitted bodies	(988)
<b>36,368</b>	<b>Total</b>	<b>(38,431)</b>

### By category

2021/22	Category	2022/23
£'000		£'000
(10,372)	Employees' contributions	(11,711)
	<i>Employer's contributions:</i>	
(20,049)	Normal Contributions	(22,997)
(46)	Deficit recovery contributions	(1,391)
(5,902)	Additional Contributions (early retirement)	(2,332)
<b>(25,996)</b>		<b>(26,720)</b>
<b>(36,368)</b>	<b>Total</b>	<b>(38,431)</b>

## Note 8: Transfers in from Other Pension Funds

### By category

2021/22		2022/23
£'000		£'000
(4,552)	Individual transfers	(8,621)
<b>(4,552)</b>	<b>Total</b>	<b>(8,621)</b>

**Note 9: Benefits Payable****By category**

2021/22	Category	2022/23
£'000		£'000
40,236	Pensions	41,737
8,234	Commutation and lump sum retirement benefits	7,314
1,500	Lump sum death benefits	1,802
<b>49,970</b>	<b>Total</b>	<b>50,853</b>

**By type of employer**

2021/22	Authority	2022/23
£'000		£'000
41,940	Administering authority	43,210
6,421	Scheduled bodies	6,054
1,609	Admitted bodies	1,589
<b>49,970</b>	<b>Total</b>	<b>50,853</b>

**Note 10: Payments to and on Account of Leavers**

2021/22		2022/23
£'000		£'000
555	Refunds to members leaving service	149
6,287	Individual transfers	6,613
<b>6,842</b>	<b>Total</b>	<b>6,762</b>

## Note 11: Management Expenses

2021/22		2022/23
£'000		£'000
1,166	Administration Expense	1,553
195	Actuary's fee and expenses	276
16	External audit fees	21
251	Oversight and Governance	476
8,975	Investment management expenses (note 11a)	6,744
<b>10,604</b>	<b>Total</b>	<b>9,070</b>

## Note 11a: Investment Management Expenses

2022/23	Transaction costs	Management fees	Performance related fees	Total
	£'000	£'000	£'000	£'000
Equities	197	884		1,081
Pooled equities	222	1,658		1,880
Pooled Fixed Interest	56	75		131
Pooled property		721		721
Pooled infrastructure		772	2,121	1,081
	<b>475</b>	<b>4,110</b>	<b>2,121</b>	<b>6,706</b>
Custody fees	-	-	-	38
<b>Total</b>	<b>475</b>	<b>4,110</b>	<b>2,121</b>	<b>6,744</b>

2021/22	Transaction costs	Management fees	Performance related fees	Total
	£'000	£'000	£'000	£'000
Equities	260	1,223	-	1,483
Pooled equities	481	2,013	-	2,494
	52	105		157
Pooled property	-	670	-	670
Pooled infrastructure	-	1,075	3,056	4,131
	<b>793</b>	<b>5,086</b>	<b>3,056</b>	<b>8,935</b>
Custody fees	-	-	-	38
<b>Total</b>	<b>793</b>	<b>5,086</b>	<b>3,056</b>	<b>8,973</b>

## Note 12: Investment Income

2021/22	2021/22 Restated	Authority	2022/23
£'000	£'000		£'000
(9,049)	(8,443)	Equity Dividends	(7,693)
(2,291)	(1,391)	Pooled funds: Property	(1,820)
(4,243)	(4,242)	Pooled funds: Infrastructure	(2,097)
(336)	(336)	Pooled funds: Fixed Interest	(5,542)
(11)	(41)	Interest	(726)
-	-	Other	-
<b>(15,930)</b>	<b>(14,453)</b>	<b>Total</b>	<b>(17,878)</b>

\* Analysis of investment income has been restated for 2021/22 to reflect the assets classes held by the pension fund.

## Note 13: Top Investments Holdings

The following investments represent over 5% of the net assets of the Fund:

Fund Manager	31 March 2023 Market value £'000	%
LCIV Global Alpha Growth Paris-Aligned Fund	150,862	15
LCIV MAC Fund	105,340	11
LGIM	103,885	11
LCIV Emerging Market Equity Fund	93,939	10
LCIV Global Equity Focus Fund	89,388	9
Darwin Leisure Property Fund	53,442	5
	<b>596,856</b>	<b>60</b>

## Note 13a: Reconciliation of Movements in Investment

Movements in Investment Assets 2022/23	31-March-2022	Purchases	Sales	Change in market value	31-March-2023
	£'000	£'000	£'000	£'000	£'000
Equity - London CIV	150				150
<b>Pooled funds:</b>					
Equities	660,375	489,373	(480,400)	(34,402)	634,946
Property	109,568	3,006		(5,414)	107,160
Infrastructure	78,934	359	(36,859)	8,116	50,550
Hedge Funds	-				-
UK Impact Ventures	3,299			(74)	3,225
Pooled vehicle - Fixed interest securities	161,252	5,542	-	(13,905)	152,889
	<b>1,013,578</b>	<b>498,280</b>	<b>(517,259)</b>	<b>(45,679)</b>	<b>948,920</b>
Cash and money market instruments	23,055	-	-	-	38,512
Investment debtors at 31 March	273	-	-	-	6,973
Accrued income	903				1,483
Investment creditors at 31 March	-	-	-	-	(7,665)
<b>Total</b>	<b>1,037,809</b>	<b>498,280</b>	<b>(517,259)</b>	<b>(45,679)</b>	<b>988,223</b>

Movements in Investment Assets 2021/22	31-March-2021	Purchases	Sales	Change in market value	31-March-2022
	£'000	£'000	£'000	£'000	£'000
Equity - London CIV	150	-	-	-	150
<b>Pooled funds:</b>					
Equities	818,899	269,723	(413,472)	(14,775)	660,375
Property	100,283	(702)	(150)	10,137	109,568
Infrastructure	82,143	1,263	(21,352)	16,880	78,934
Hedge Funds	-	-	-		-
UK Impact Ventures	4,439	58	-	(1,197)	3,300
Pooled vehicle - Fixed interest securities	-	165,336		(4,084)	161,252
	<b>1,005,914</b>	<b>435,678</b>	<b>(434,974)</b>	<b>6,961</b>	<b>1,013,579</b>
Cash and money market instruments	37,252	-	-	-	23,055
Investment debtors at 31 March	524	-	-	-	273
Accrued income	798				903
Investment creditors at 31 March	(1,631)	-	-	-	-
<b>Total</b>	<b>1,042,857</b>	<b>435,678</b>	<b>(434,974)</b>	<b>6,961</b>	<b>1,037,810</b>



**Note 13b: Investments Analysed by Fund Manager**

31-March-2022 Market value £'000	%	Fund Manager	Type of Fund	31-March-2023 Market value £'000	%
		<b>Investments managed by the London CIV</b>			
150	0	CIV 1 Collective Vehicle	Unquoted UK equity	150	0
339,099	33	CIV 2 Global Equities	Global equities - pooled funds	334,189	34
-	-	CIV 2 Global Equities	Global equities - segregated funds	97,478	10
161,252	16	CIV2 Global Fixed Interest	Global fixed interest - pooled funds	152,889	15
<b>500,501</b>	<b>48</b>	<b>Total managed by the London CIV asset pool</b>		<b>584,706</b>	<b>59</b>
		<b>Investments managed outside the London CIV</b>			
		<b>Equities</b>			
217,739	21	AXA Framlington IM	Global equities - segregated funds	1,520	0
		NT Transition Account	UK Equities	102,061	10
<b>217,739</b>	<b>21</b>			<b>103,581</b>	<b>10</b>
		<b>Pooled Investments</b>			
110,438	11	LGIM	Global equities - pooled funds	103,885	11
33,333	3	Capital Dynamics	Pooled infrastructure fund	6,628	1
45,601	4	Global Infrastructure Partners II & III	Pooled infrastructure fund	43,923	4
53,924	5	Darwin Leisure Property Fund	Pooled property fund	53,442	5
33,400	3	UBS Global Asset Management	Pooled property fund	27,767	3
22,244	2	Invesco PRS	Pooled property fund	25,951	3
3,300	0	Impact Ventures UK	Social impact fund	3,225	0
17,329	2	Cash		35,117	4
<b>319,569</b>	<b>31</b>	<b>Total managed outside the London CIV asset pool</b>		<b>299,938</b>	<b>30</b>
<b>1,037,809</b>	<b>100</b>	<b>Total Fund Value</b>		<b>988,225</b>	<b>100</b>

**Note 14: Fair Value**

All investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

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

**Note 14: Fair Value (continued)**

- **Level 1** - where values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted bonds and unit trusts.
- **Level 2** - where quoted market prices are not available estimation techniques are used to determine fair value based on observable 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.

The valuation basis for each category of investment asset is set out below

Description of asset	Basis of Valuation	Observable and unobservable inputs	Key Sensitivities affecting valuation provided
<b>Level 1</b>			
Cash balances, money market funds and other assets and liabilities held at amortised cost	All have an expected maturity date of less than two months, therefore Fair Value represents the carrying value of these assets and liabilities.	Not Required	Not Required
Quoted UK and Global equities (pooled and non-pooled investments)	Published bid price ruling on the final day of the accounting period	Not Required	Not Required
Non-investment current assets and current liabilities (carried at amortised costs)	Given the short term nature of these transaction and the high degree of certainty relating to settlement value, Fair Value represents carrying value at year end date.	Not Required	Not Required
<b>Level 2</b>			
Quoted UK and Global equities (pooled and non-pooled investments)	Not quoted but regularly traded	Evaluated price feeds	Not Required
Pooled property investments	Closing single price (where published)	Evaluated price feeds	Not Required
<b>Level 3</b>			
Pooled property investments and Social Impact Fund	Valued by custodian on a fair value basis each year end using PRAG guidance.	NAV-based pricing set on a forward pricing basis	Estimated acquisition and disposal costs
Pooled property investments	Valued by custodian on a fair value basis each year end using PRAG guidance.	NAV-based pricing set on a forward pricing basis	Valuation could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cash flows and by any differences between audited and unaudited accounts
Unquoted investment in London CIV	This unquoted investment has been carried at cost. Costs in this instance has been determined as the best estimate of Fair Value that no market for this assts currently exists.	Price paid	Estimated acquisition and disposal costs

## Note 14a: Sensitivity of assets valued at level 3

The Fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out the consequent potential impact on the closing value of investments held at 31 March 2023 and 31 March 2022.

Asset type	Potential variation in fair value depending on valuation basis adopted	Values at 31 March 2023	Potential value on increase	Potential value on decrease
	£'000	£'000	£'000	£'000
Pooled property funds	+ or - 7.1%	79,393	85,030	73,756
Infrastructure	+ or - 7.1%	50,550	54,140	46,961
Social impact funds	+ or - 7.1%	3,225	3,454	2,996
CIV - unquoted UK equity	+ or - 7.1%	150	161	139
<b>Total</b>		<b>133,318</b>	<b>142,785</b>	<b>123,852</b>

Asset type	Potential variation in fair value depending on valuation basis adopted	Values at 31 March 2022	Potential value on increase	Potential value on decrease
	£'000	£'000	£'000	£'000
Pooled property funds	+ or - 8.9%	76,168	82,947	69,389
Infrastructure	+ or - 8.9%	78,934	85,959	71,909
Social impact funds	+ or - 8.9%	3,300	3,594	3,006
CIV - unquoted UK equity	+ or - 8.9%	150	163	137
<b>Total</b>		<b>158,552</b>	<b>172,663</b>	<b>144,441</b>

## Note 14b: Fair Value Hierarchy

	Values at 31-March-2022				Values at 31-March-2023			
	Quoted market Price	Using observable inputs	With significant unobservable inputs	Total	Quoted market Price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Financial assets at fair value through profit and loss</b>								
Equity - London CIV			150	150			150	150
<b>Pooled funds</b>								
Equalities	660,375			660,375	634,945			634,945
Property		33,400	76,168	109,568		27,767	79,393	107,160
Infrastructure			78,934	78,934			50,550	50,550
Social impact funds			3,300	3,300			3,227	3,227
Fixed Interest	161,252			161,252	152,889			152,889
Cash and money market deposits	23,054			23,054	38,512			38,512
Cast not forming part of investments balances	175			175	24,129			24,129
Amounts receivable from investment sales	273			273	6,973			6,973
Accrued investment income	903			903	1,484			1,484
Debtors	10,710			10,710	2,728			2,728
	<b>856,742</b>	<b>33,400</b>	<b>158,552</b>	<b>1,048,694</b>	<b>861,660</b>	<b>27,767</b>	<b>133,320</b>	<b>1,022,747</b>
<b>Financial assets at fair value through profit and loss</b>								
Payable from investments purchases				-	(7,665)			(7,665)
Creditors	(829)			(829)	(14,651)			(14,651)
<b>Total</b>	<b>855,913</b>	<b>33,400</b>	<b>158,552</b>	<b>1,047,865</b>	<b>839,344</b>	<b>27,767</b>	<b>133,320</b>	<b>1,000,431</b>

## Note 14c: Reconciliation of Fair Value Measurements within level 3

### Reconciliation of Fair Value Measurements within level 3

2022/23	Value as 1 Apr	Purchases	Sales	Unrealised gains/losses	Realised gains/losses	Value at 31 March
	£'000	£'000	£'000	£'000	£'000	£'000
Pooled Property funds	76,168	3,751		(526)		79,393
Infrastructure	78,934	548	(36,859)	132	7,795	50,550
Hedge funds	-					-
Social impact	3,300			(74)		3,226
CIV - unquoted equity	150					150
<b>Total</b>	<b>158,552</b>	<b>4,299</b>	<b>(36,859)</b>	<b>(468)</b>	<b>7,795</b>	<b>133,319</b>

2021/22	Value as 1 Apr	Purchases	Sales	Unrealised gains/losses	Realised gains/losses	Value at 31 March
	£'000	£'000	£'000	£'000	£'000	£'000
Pooled Property funds	73,382		(150)	2,952	(16)	76,168
Infrastructure	82,143	1,552	(21,352)	3,834	12,757	78,934
Hedge funds	-					-
Social impact	4,439	58		(1,197)		3,300
CIV - unquoted equity	150					150
<b>Total</b>	<b>160,114</b>	<b>1,610</b>	<b>(21,502)</b>	<b>5,589</b>	<b>12,741</b>	<b>158,552</b>

**Note 15a: Classification of Financial Instruments**

	Values at 31-March-2022				Values at 31-March-2023			
	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Total	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Financial assets</b>								
London CIV	150			150	150			150
<b>Pooled funds</b>								
Equities	660,375			660,375	634,945			634,945
Property	109,568			109,568	107,160			107,160
Infrastructure	78,934			78,934	50,550			50,550
Fixed interest	161,252			161,252	152,889			152,889
UK impact ventures	3,300			3,300	3,225			3,225
Cash and money market deposits		23,054		23,054		38,512		38,512
Cash not forming part of investment balances		175		175		24,129		24,129
Amounts receivable from investments sales		273		273		6,973		6,973
Accrued investment income		903		903		1,484		1,484
Debtors		10,710		10,710		2,728		2,728
<b>Financial assets total</b>	<b>1,013,579</b>	<b>35,115</b>	<b>-</b>	<b>1,048,694</b>	<b>948,920</b>	<b>73,827</b>	<b>-</b>	<b>1,022,747</b>
<b>Financial liabilities</b>								
Amounts payable for investment purchases	-	-	-	-	-	-	(7,665)	(7,665)
Creditors	-	-	(829)	(829)	-	-	(14,651)	(14,651)
<b>Financial liabilities total</b>	<b>-</b>	<b>-</b>	<b>(829)</b>	<b>(829)</b>	<b>-</b>	<b>-</b>	<b>(22,316)</b>	<b>(22,316)</b>
<b>Total</b>	<b>1,013,579</b>	<b>35,115</b>	<b>(829)</b>	<b>1,047,865</b>	<b>948,920</b>	<b>73,827</b>	<b>(22,316)</b>	<b>1,000,431</b>

## Note 15b: Gains and Losses on Financial Instruments

2021/22	Investments	2022/23
£'000		£'000
	<b>Financial Assets</b>	
32,244	Gains on assets designated at fair value through profit and loss	14,348
(26,452)	(Losses) on assets designated at fair value through profit and loss	(60,028)
<b>5,792</b>	<b>Total</b>	<b>(45,680)</b>

## Note 16: Nature and Extent of Risks Arising from Financial Instruments

### Risk and risk management

The fund's primary long-term risk is that the fund's assets will fall short of its liabilities (i.e. Promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the fund's forecast cash flows. The fund manages these investment risks as part of its overall Pension Fund risk management programme.

Responsibility for the fund's risk management strategy rests with the Pension Fund committee. Risk Management policies are established to identify and analyse the risk faced by the pension fund's operations. Policies are reviewed regularly to reflect changes in activity and in 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 mix. The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return. In general, excessive volatility in market risk is managed through diversification of the portfolio in terms of geographical and industry sectors and individual securities.

To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis, and manage any identified risks in two ways:

- fund exposure to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels.
- specific risk exposure is limited by applying risk weighted maximum exposures to individual investments.

### Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market. The fund is exposed to share and derivative price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the fund investment strategy.

**Note 16: Nature and Extent of Risks Arising from Financial Instruments (continued)**

The fund has determined that the following movements in market price risk are reasonably possible for the 2022/23 reporting period, assuming that all other variables, in particular foreign exchange rates and interest rates remain the same:

Asset Type	Values at 31-March-2023	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Equities (pooled and non-pooled)	634,945	13.5	720,405	549,485
Pooled property investments	107,160	4.5	111,998	102,323
Alternatives	53,776	5.9	56,952	50,599
Pooled fixed interest	152,889	5.9	161,949	143,830
Cash, debtors and creditors	59,176	0.8	59,634	58,717
<b>Total assets available to pay benefits</b>	<b>1,007,946</b>		<b>1,110,937</b>	<b>904,955</b>

Asset Type	Values at 31-March-2022	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Equities (pooled and non-pooled)	660,525	13.6	750,224	570,826
Pooled property investments	109,568	5.2	115,309	103,827
Alternatives	82,234	5.3	86,584	77,884
Pooled fixed interest	161,252	5.4	169,960	152,544
Cash, debtors and creditors	34,361	0.9	34,674	34,048
<b>Total assets available to pay benefits</b> Pooled fixed interest	<b>1,047,940</b>		<b>1,156,751</b>	<b>939,129</b>

**Interest rate risk**

Interest rate risk is routinely monitored by the pension fund and its investment advisers in accordance with the fund's investment strategy. The fund recognises that interest rates can vary and the fund's investment advisor has advised that long-term average rates are expected to move less than 100 basis points (1%) from one year to the next. The impact of a 1% change in interest rate yields on cash balances is shown below

	Values at 31-March-2023	Impact of 1% increase	Impact of 1% decrease
	£'000	£'000	£'000
Cash held with custodian	3,512	3,547	3,477
Money market funds	35,000	35,350	34,653
Cash not forming part of investment balances	24,129	24,371	23,890
<b>Total</b>	<b>62,641</b>	<b>63,267</b>	<b>62,021</b>



**Note 16: Nature and Extent of Risks Arising from Financial Instruments (continued)**

**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's currency rate risk is routinely monitored by the pension fund and its investment advisers in accordance with the fund's investment strategy.

In consultation with the fund's performance advisers, the fund has determined that the following movements in currency risk are reasonably possible for the 2022/23 reporting period, assuming that all other variables, in particular market price risk and interest rates remain the same:

Asset Type	Values at 31-March-2023	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Overseas Equities	535,552	6.3	569,535	501,569
Overseas pooled property investments	38,721	6.3	41,178	36,264
Overseas Alternatives	26,756	6.3	28,454	25,059
<b>Total</b>	<b>601,030</b>		<b>639,168</b>	<b>562,891</b>

Asset Type	Values at 31-March-2022	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Overseas Equities	449,537	7.3	482,353	416,721
Overseas pooled property investments	38,716	7.3	41,542	35,890
Overseas Alternatives	37,184	7.3	39,898	34,470
<b>Total</b>	<b>525,437</b>		<b>563,793</b>	<b>487,081</b>

**Credit risk**

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the fund's financial assets and liabilities. The selection of high-quality counterparts, brokers and financial institutions minimises credit risk that may occur through the failure of third parties to settle transactions in a timely manner.

The fund has also set limits as to the maximum sum placed on deposit with individual financial institutions. In addition, the pension fund invests a percentage of its funds in the money markets to provide liquidity on cash balances. Money market funds chosen are in line with the Council's Treasury Management Strategy and all have a AAA rating from leading ratings agency. The pension fund bank account is also held in line with Council's selection for its main bank account provider.

**Note 16: Nature and Extent of Risks Arising from Financial Instruments (continued)**

**Liquidity risk**

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The pension fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The fund's cash holding under its treasury management arrangements as at 31 March 2023 was £3.5 m (31 March 2022 £5.7m).

The fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. As at March 2023, the value of liquid assets was £858,953 m, representing 86% of total fund assets (31 March 2022 £845m, representing 81% of total fund assets).

**Refinancing risk**

The key risk is that the pension fund will need to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The pension fund does not have any financial instruments that carry a refinancing risk as part of its current investment strategy.

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## Note 17: Funding Arrangements

An actuarial valuation of the London Borough of Waltham Forest Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026. On the basis of the assumptions adopted, the Fund's assets of £1,048 million represented 81% of the Fund's past service liabilities of £1,293 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £245 million.

The valuation also showed that a Primary contribution rate of 17.2% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it is may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this. The FSS sets out the process for determining the recovery plan in respect of each employer. At the last actuarial valuation the average recovery period adopted was 14.6 years for employers in deficit and 16 years for employers in surplus. The total recovery payment (the "Secondary rate" for 2023/26) was, on average, an addition of approximately £16.9m per annum (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

In practice, each individual employer's position is assessed separately, and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (including ill-health retirements for certain employers) will be made to the Fund by the employers.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2023.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method. Full yield curves were used in calculating the liabilities. Approximate single equivalent rates for the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

### Key demographic assumptions

		31-March-2022	31-March-2019
Retiring today	Males	21.9	22.5
	Females	23.5	25.0
Retiring in 20 years	Males	24.1	24.1
	Females	26.1	26.9

### Key financial assumptions - Past Service

	2022	2019
	%	%
Rate of return on investments (discount rate)	4.95% per annum	4.35% per annum
Rate of pay increases (long term)*	4.6% per annum	3.9% per annum
Rate of increases in pensions in payment (in excess of GMP)	3.1% per annum	2.4% per annum

### Key financial assumptions - Future Service

	2022	2019
	%	%
Rate of return on investments (discount rate)	5.35% per annum	4.9% per annum
Rate of pay increases (long term)*	4.6% per annum	3.9% per annum
Rate of increases in pensions in payment (in excess of GMP)	3.1% per annum	2.4% per annum

All investment assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

## Note 18: Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the pension fund liabilities, on an IAS 19 basis every year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and net liabilities calculated on an IAS 19 basis differ from the results of the 2019 triennial funding valuation (see Note 17 above) mainly because IAS 19 stipulates a discount rate based on corporate bond yields rather than expected market rates for the assets currently under management.

In order to assess the value of the benefits on this basis, the actuary also has to update the key financial assumptions, as shown below:

2021/22		2022/23	
%		%	
3.4	Rate of CPI (inflation)	2.7	
3.5	Pension increase rate	2.8	
4.9*	Salary increase rate	4.2	
2.8	Discount rate (investment returns)	4.8	

\*This is the long-term assumption. An allowance corresponding to that made at the 2019 formal actuarial valuation for short-term public sector pay restraint was also included.

The estimated net present value of pension fund assets and liabilities on an IAS 19 basis is as follows:

2021/22		2022/23	
£'000		£'000	
(1,952,100)	Rate of CPI (inflation)	(1,440,000)	
1,037,809	Pension increase rate	988,225	
<b>(914,291)</b>		<b>(451,775)</b>	

**Note 19: Current Asset**

Analysis of debtors outstanding at 31 March 2023:

2021/22		2022/23
£'000		£'000
	<b>Debtors</b>	
367	Contributions due - employees	391
2,077	Contributions due - employers	2,337
<b>2,444</b>		<b>2,728</b>
8,265	Amount due from Waltham Forest	-
175	Cash not forming part of investment balances	24,129
<b>10,884</b>		<b>26,857</b>

**Note 20: Current Liabilities**

Analysis of creditors outstanding at 31 March 2023:

2021/22		2022/23
£'000		£'000
(210)	Unpaid benefits	(100)
-	Owed to administering authority (LBWF)	(13,750)
(619)	Other entities and individuals	(801)
<b>(829)</b>		<b>(14,651)</b>

**Note 21: Additional Voluntary Contributions**

	Contributions	Market Value	Contributions	Market Value
	2021/22	31-March-2022	2022/23	31-March-2023
	£'000	£'000	£'000	£'000
Equitable Life	*	*		112
Clerical Medical	26	639	118	559
Phoenix Life	*	*		11
	<b>26</b>	<b>639</b>	<b>118</b>	<b>682</b>

\*Not available at this time

## Note 22: Related Party Transactions

### London Borough of Waltham Forest

The Pension Fund is administered by the London Borough of Waltham Forest, which is also the single largest employing body in the pension fund. The Pension Fund is administered by the Council and was charged £755,111 for staff time and services in 2022/23 (£713,500 in 2021/22).

#### Governance

One member of the Pension Fund committee who is in receipt of pension benefits from the Waltham Forest Pension Fund (Cllr. T Wheeler). In addition, committee member Cllr. A. Hemsted is a deferred member of the pension fund. Each member of the Pension Fund Committee is required to declare their interests at each meeting.

#### Key management personnel

The key management personnel of the Fund are the Members of the Pension Fund Committee and the Strategic Director Finance and Governance. Total remuneration payable to key management personnel is set out below:

2021/22		2022/23
£'000		£'000
57	Short-term benefits	59
-	Post-employment benefits	-
<b>57</b>		<b>59</b>

## Note 22: Contingent Liabilities and Contractual Commitments

The Fund has outstanding commitments in relation to its three infrastructure funds and a Social Impact Fund. As at 31 March 2023 there were £7 m of infrastructure commitments outstanding (£9m as at 31 March 2022). The Social Impact Fund had outstanding commitments of £0.1 m at 31 March 2023 (£0.1 million as at 31 March 2022). These commitments are drawn down in tranches over time as and when fund managers request them and are not included in the Pension Fund accounts up to that point.

## Note 23: Further Information

Copies of the Pension Fund Annual Accounts, Annual Report, Investment Strategy Statement, Funding Strategy Statement, Pension Fund Valuation 2019 are published on the Council's website:

<http://www.walthamforest.gov.uk>

**SECTION – 6**

**ANNUAL GOVERNANCE STATEMENT**

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## ANNUAL GOVERNANCE STATEMENT - YEAR ENDED 31 MARCH 2023

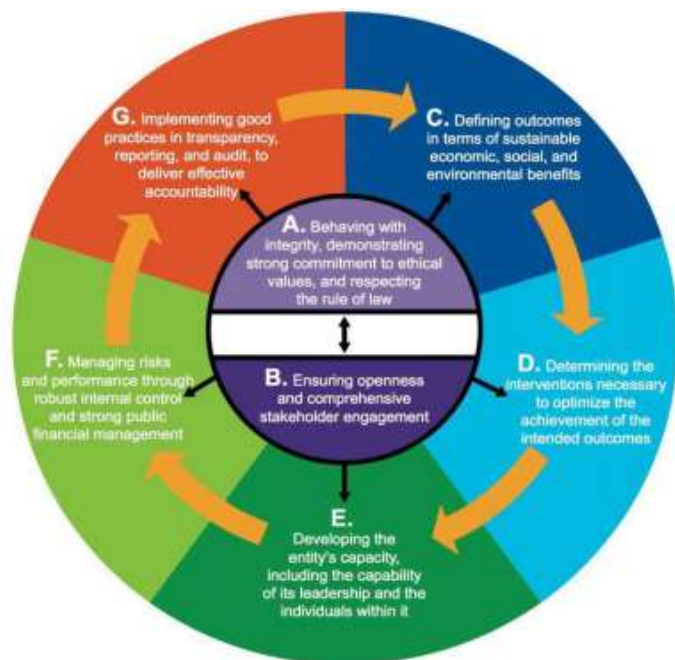
### 1. Scope of Responsibility

Waltham Forest Council is responsible for ensuring that:

- its business is conducted in accordance with the law and proper standards
- public money is safeguarded, accounted for, and used economically, efficiently and effectively
- it maintains an appropriate corporate governance framework, including sound systems of internal control and effective processes for identifying and managing risk

The Council is committed to the principles of good governance as set out in the CIPFA/SOLACE, Delivering Good Governance in Local Government Framework (2016).

The Framework comprises 7 key principles as set out below:



The purpose of this annual Statement is to explain how the Council's governance arrangements operated in practice during 2022/23, and to demonstrate how the CIPFA/SOLACE Framework has been applied.

The Annual Governance Statement is based on more detailed reports presented to the Audit and Governance Committee, copies of which can be found on the Council's website using the link below:

<https://democracy.walthamforest.gov.uk/ieListMeetings.aspx?CId=494&Year=0>



## 2. The Purpose of the Governance Framework

The governance framework comprises all the systems, processes, culture and values by which the Council is directed and controlled together with the activities through which it accounts to, engages with and leads the local community.

The Legacy of the Covid pandemic, as well as the Ukraine War, increased energy costs and the cost of living crisis which fuelled by sharp increases in both inflation and interest rates have an adverse impact on the Council's service delivery and financial challenges, nevertheless the Council continues to deliver against its core priorities.

The purpose of the governance framework is to enable the Council to respond to change effectively by:

- setting clear objectives
- supporting clear and consistent decision making
- monitoring the delivery of actions, decisions and priorities once agreed, and
- assessing whether the Council is delivering appropriate and cost-effective services.

A key component of the Council's Governance Framework is the separation of decision making, scrutiny and governance activities as follows:

- Although all elected members are part of Full Council, Cabinet members do not serve on scrutiny committees and vice versa
- Scrutiny committees review Council policy and performance, and can also challenge Cabinet decisions
- The Audit and Governance Committee reviews corporate governance processes and systems of internal control,



**Cllr Jack Phipps**  
**Chair of Audit and Governance Committee**

Systems of internal control are another significant part of the Council's governance framework and are designed to manage identified risks down to a reasonable level. An ongoing programme of Internal Audit work is undertaken to confirm that the internal controls put in place are appropriately designed and operating effectively. These arrangements cannot eliminate all risks however and can only provide reasonable, not absolute, assurance.

### 3. Significant risks identified

A prime purpose of the governance framework is to ensure that any significant risks which do arise are highlighted so that appropriate mitigating action can be taken. Key risks identified in 2022/23 are set out below together with the Council's response:

#### Inflation & Energy Pressures

Over the past 12 months, the increases in inflation have had a significant impact on the Council's as well as residents' finances. The 2022/23 budget assumptions on pay and contract inflation, interest rates and energy looked reasonable when it was drafted but the final positions were significantly higher. As an example, the pay award was budgeted at 3% but the final agreed award averaged 6.1%.

The 2023/24 Budget approved by full Council in March 2023 had to fund the additional on-going inflationary pressures that arose in 2022/23 as well as anticipate the new pressures for 2023/24. This budget has incorporated a pay award of up to 4% and general inflation of 4%. The Council Tax resourcing, comprises approximately half of the general fund budget and was capped at 4.99%, 2.99% for core activities and 2% for Adult Social Care.

The current rate of CPI is 10.4% as at February 2023 compared to 10.5% at December 2022 and is expected to fall sharply to 2.9% by the end of 2023, a more rapid decline than previously anticipated. This drop in wholesale gas prices means that energy bills are expected to fall below the energy price guarantee limit from July. However, this means that prices will stabilise at a higher level.

The latest change to the interest rate in March by the bank of England was an increase of 0.25% to 4.25% and it is still anticipated that it could increase to 4.5% by mid-2023 reducing to 3.5% by mid-2024.

The impact of inflation has impacted both revenue spend, e.g. pay and contractual spend as well as spend on capital programmes.

#### Cost of Living Crisis

Following on from the COVID pandemic, there is an increased pressure on materials, labour and services, which when combined with the Russian invasion of Ukraine has created a perfect storm through high inflation, of a cost of living crisis for our residents. Each of the Council services have felt and are feeling the impact of these cost increases, such as material for the capital programme, increased costs of goods and services plus inflation busting increases in energy bills across the Council estate.

The Council has responded by closely monitoring any inflationary increases requested by third parties, through good commercial management, fixed prices contracts and consideration of demand reduction where possible.

Waltham Forest was allocated £2.3 million of Government Household Support Funding for 2022/23 to support residents with essentials such as food, clothing, energy, and water costs. The Council used this funding to support the borough's most vulnerable residents and topped up our discretionary support for those in greatest hardship. We also worked closely with a number of VCS partners to create more opportunities to help residents in financial hardship, including a winter crisis support programme with Citizen's Advice to issue vouchers to help residents with covering costs for basic essentials; a series of community roadshows with the HEET projects to identify and help residents with managing fuel costs, and increasing food supply to our 4 key partner food banks. The Household Support fund has been confirmed at £4.6m for 2023/24.

To support households to manage the increased cost of energy and to improve the efficiency of their homes the council has utilised £0.6m of a rebate received from NLWA.

To support residents who might struggle to pay their council tax, the Cabinet in January 2023, agreed to recommend to Full Council that the LCTS scheme adopted for 2023/24, increases the maximum support awarded to working aged people to 85%. This represents a 9% increase in the level of support compared to the previous maximum support level of 76%. This is in addition to £750,000 Discretionary Hardship Fund to offer additional help and support to those suffering the greatest financial hardship as defined in the Discretionary Council Tax Support Hardship Fund policy.

#### Savings targets

To offset the budget pressures within the 2023/24 budget, there are planned savings of £7.2m and a funding gap of £11.6m for 2024/25 and £1.5m for 2025/26. For 2024/25 and 2025/26 savings proposals are currently being developed to mitigate these pressures which will be incorporated within the MTFS refresh for 2024/25. Savings delivery is closely monitored, and the Council maintains a healthy level of reserves to manage any short-term volatility.

#### Growing the local economy

Economic uncertainty has reinforced the need to diversify the local economy, and Business Rate growth is also a key factor in setting and managing Council budgets. Regeneration initiatives are providing new opportunities for local people, see below link for further details

<https://www.walthamforest.gov.uk/service-categories/current-regeneration-projects-and-developments>

## Asylum seekers

The number of asylum seekers, especially unaccompanied young people and children, remains unpredictable and despite measures such as the National Transfer Scheme, presents a demand-led risk to our Children social care budget. Mitigations include monthly tracking meetings are held to ensure that the Council has care packages in place for all young Asylum Seekers, has provided advice on benefits and other financial support available and is working to resolve the immigration status of young people before they turn 18.

## Freedom of Information Requests

During 2022/23, the organisation responded to 100% of FOI requests within the statutory timescale of 20 working days. This exceeds the 90% target set by the ICO in 2020/21 when they issued LBWF with a Practice Notice as the response rate at that time was 80%. The 100% response rate has remained consistent since the 2021/2022 Annual Governance Statement was published.

This has been achieved by circulating a daily report which lists all open FOIs and FOIs due a response within 7 days. The report is followed up by Personal Assistants to Directors who alert service areas when an FOI is close to its due date, and work with the service to avoid breaches. The Leadership Office now employ an FOI lead who coordinates FOI responses from all service areas.

In terms of evidencing the improvements made in terms of evidencing the improvements made back in July 2020, the organisation responded to approximately 80% FOI requests within the statutory timescale of 20 working days. Consequently, the ICO issued LBWF with a Practice Notice with a request that the organisation set out a clear action plan to ensure the target of 90% was met in compliance with the required legislation.

The Council subsequently took a number of steps to improve FOI performance, including bringing together of the Complaints and FOI teams to share best practice and improve efficiency, re-writing and re-issuing internal guidance procedures and templates, and undertaking bespoke training sessions with services, resulting in consistent performance of 100% compliance since September 2020 and the closure of the ICO Practice Notice. This is achieved by circulating a daily report which lists all open FOIs and FOIs due a response within 7 days from the date of the report. This enables us to alert service areas when an FOI is close to its due date and to work with them to avoid breaches. An internal audit of FOIs in January 2021 produced a Reasonable Assurance result, putting the organisation in a positive position prior to a final audit from the ICO in May 2021. All resultant recommendations have been actioned.

## Post Covid demand for services

Post Covid, there is a continued increase in demand for services, in particular, adult social care. External placement and package costs for working age and older people continue to generate increased pressures. A combination of an ageing population, increasingly complex needs, and longevity of working age adults with learning disabilities, mental health issues, and comparatively high levels of deprivation and ill health are generating a net increase in the number of placements and care packages. Due to the impact of Covid-19 on the health service and the requirement to facilitate timely discharges from hospital, there are further pressures on this service.

## Data Protection and Cyber Security

The global threat of cyber attacks represents a significant risk to the delivery and management of services. Cyber criminals operate at scale using malicious websites, emails and social media, as well as targeting weaknesses in the technology landscape.

The Council's technology security is good (internal PWC audit) and is continuing to improve through the recruitment of additional staff, investment in new security software, accreditation, staff training and testing, ongoing monitoring and remediation.

However, an internal audit review of Data Strategy & Information Governance undertaken as part of the 2022-23 internal audit plan found two high risk findings. The purpose of the audit was to review the design and operating effectiveness of the Council's controls over data strategy and information governance. Work is currently underway to address the risks relating to ensuring all relevant stakeholders are included within procurement processes in relation to information governance, and several policies need updating.

The risk remains high and we continue to be pro-active. We work closely with our security partners, regularly review governance and processes, undertake 3rd party assessment, upgrade services and develop our resilience and recovery capabilities.

## 4. Review of effectiveness

The governance framework described in Appendix A has been in place throughout 2022/23 and maintained up to the date of the approval of the Statement of Accounts. Key governance processes during 2022/23 comprised the following:

<b>Audit and Governance Committee</b>	<ul style="list-style-type: none"> <li>Regular reports on risk management, Internal Audit coverage, Treasury Management and anti-fraud work.</li> <li>Annual report to consider Ombudsman referrals and complaints.</li> <li>Continued oversight of the delayed audited accounts 2019/20 and 2021/22.</li> </ul>
<b>Scrutiny Committees</b>	<p>8 Scrutiny committees operated during the year. Their remit is to monitor delivery of council services, scrutinise key decisions, and make recommendations on future policy development. Committees have collaborated to produce four themed reviews. A joint themed review between the Children &amp; Families and Communities Scrutiny Committees has explored the issue of adultification and discrimination within youth justice and education. Other committees have focussed on the themes of climate emergency and the development of the Council's climate action plan, town centres, and housing repairs and maintenance.</p> <p>In early 2023, the Council commenced an improvement review of its scrutiny function in partnership with the Centre for Governance and Scrutiny. The review will ensure that arrangements are fit for purpose and further develop the function in the context of current council priorities. The review is due to report in summer 2023 with implementation supported by a Councillor working group and action plan.</p>
<b>Internal Audit Coverage</b>	<p>Internal audit work is delivered jointly by the Council's in-house Internal Audit Team and the CCAS framework (procured by Barnet Council and delivered by PwC). An External Quality Assessment (EQA) was undertaken by the Chartered Institute of Internal Auditors (IIA).</p> <p>An External Quality Assessment (EQA) was undertaken by the Chartered Institute of Internal Auditors (IIA). The review included a thorough validation of the team's own self-assessment against the Public Sector Internal Audit Standards (PSIAS) and the Institute of Internal Auditors' International Professional Practices Framework (IPPF); a number of interviews with key stakeholders across the Council discussions with internal audit team members, as well as a stakeholder survey.</p> <p>The EQA concluded that the internal audit service conforms with 53 of the 64 relevant Standards and partially conforms to 8 of the Standards. This includes conforming to the Definition, Core Principles, and the Code of Ethics, which form the mandatory elements of the PSIAS and the Institute of Internal Auditors' International Professional Practices Framework (IPPF), the globally recognised standard of quality in Internal Auditing that the supporting operational, engagement-level procedures, documentation and associated templates are fit for purpose.</p>
<b>Anti-fraud work</b>	<p>The Corporate Anti-Fraud Team carried out a detailed programme of proactive work and reactive investigations, which continued to look at ongoing fraud risks including Council Tax Fraud, Internal Fraud and Social Housing Fraud and post-assurance work on Covid related Support Grants. The work undertaken during 2022-23 identified savings in excess of £25.4m, an increase of 28% on the previous year. This includes recovery of 40 properties to reallocate to those with a genuine housing need; another 39 pending legal action and 5 awaiting eviction and the prevention of 17 Right to Buy purchases following additional checks. A further £345k in cashable savings has been identified and in the process of recovery from Single Persons Discount, Direct Payments and Benefits reviews, the National Fraud Initiative and work identified as part of the London Fraud Hub.</p>
<b>Risk Management</b>	<p>The Council, identifies and monitors strategic, operational and programme/project risks. Risks are scored according to likelihood and impact, and the Council uses a traffic light system to help prioritise risks and develop appropriate mitigation.</p> <p>Strategic risks are reported to Management Board and Audit and Governance Committee quarterly. Risk Review Panels are held quarterly by the Audit and Governance Committee to facilitate an in-depth review of risks. Operational risk registers are reported to relevant Directorate Management Teams monthly, and programme and project risk registers are reported to the relevant management team.</p>
<b>Group companies and partnerships</b>	<p>Risk management arrangements described above also apply to Group companies and partnerships and include the following areas:</p> <ul style="list-style-type: none"> <li>Risks associated with failure of partner organisation to meet contractual obligations</li> <li>Shared service arrangements and accountability</li> <li>Procurement</li> <li>Contract management and monitoring arrangements</li> </ul>
<b>Performance Management</b>	<p>Performance reporting provides Directorates and services with a comprehensive appraisal of delivery against key performance indicators and outcome measures agreed at the beginning of each financial year. Reports include:</p> <ul style="list-style-type: none"> <li>Comparisons to other London boroughs</li> <li>Trends and Direction of Travel</li> <li>Whether performance is above, below, or close to target</li> <li>Remedial action where performance is a cause for concern</li> </ul>

## 4. Review of effectiveness (continued)

<b>Complaints investigation</b>	Complaints are investigated initially by the relevant service department, then if necessary, by the corporate complaints team. When a complainant remains dissatisfied, they can escalate their complaint to the Local Government Ombudsman or the Housing Ombudsman Service. Member complaints and whistleblowing allegations are dealt with by the Council's Monitoring Officer.
<b>Elections</b>	The council held local elections on new ward boundaries in May 2022. Induction took place immediately following the elections with a continuing training and development programme available to members accompanied by a resource and training microsite.

Key Governance measures for the Council include feedback from external inspections, assessments and reviews, the Head of Internal Audit's opinion, and Ombudsman referrals and complaints.

### External inspections, assessments and reviews

Recent inspection reports have concluded that services for children in Waltham Forest are good and have significantly improved since the last inspection in 2015. Progress is also being made to tackle weaknesses previously identified in children's special needs services.

The Council commissioned a CIPFA led review of its Financial Management Capability in November 2020. The Council received a two-star out of CIPFA's five-star rating. The review concluded that financial management is reliable and competent, but its main area of weakness is the "People" dimension. CIPFA have made a number of recommendations as part of the review, which were partly delayed due to the pandemic but will be delivered as part of the implementation of the new ERP system (i.e. Oracle). This implementation will include:

Phase 1 went live in August'22 which is the rollout of "Mybudget", a new budget planning and forecasting tool, that will significantly overhaul the budget monitoring process. This rollout includes training for all budget holders, not just on the system but also on financial management responsibilities.

Phase 2 going live in September '23 with Payroll, HR, Finance and procurement systems.

Phase 3 going live in April'24 with other HR and Payroll modules.

### **Annual Accounts**

There has been delays to the completion of audits of the Council's annual accounts predominantly due to issues relating to 2018/19 and the restatement work undertaken, as well as the required statutory instrument to resolve the valuation of Infrastructure assets and the level of available external audit resources. The CIPFA guidance to resolve the infrastructure valuation issue was released in January 2023.

It is now anticipated that the 2019/20 Accounts will be ready for sign off in June and the 2020/21 by July 2023.

The 2021/22 audit is scheduled for September 2023 and the 2022/23 by early 2024.

### Internal Audit work

The Head of Internal Audit has concluded that reasonable assurance can be placed on the effectiveness of the Council's internal control, governance and risk management arrangements for the areas reviewed in 2022/23. Where weaknesses have been identified, these have either been addressed or are in the process of being addressed by management.

### Referrals and Complaints

The Council recorded a total of 24 complaints reviewed by the Local Government and Social Care Ombudsman (LGSCO) during the period 1 April 2022 to 31 March 2023 and 19 reviewed by the Housing Ombudsman Service (HOS). The LGSCO upheld 13 complaints while the HOS upheld 4 complaints. 2022/23 saw an increase of 10 cases which were investigated by the Ombudsman. 17 Ombudsman complaints were upheld which is consistent with 2021/22.

The Council recorded a total of 19 complaints reviewed by the Local Government and Social Care Ombudsman (LGSCO) during the period 1 April 2021 to 31 March 2022 and 14 reviewed by the Housing Ombudsman Service (HOS). The LGSCO upheld 11 complaints while the HOS upheld 6 complaints

There were three whistleblowing allegations raised during 2022/23.

The first alleged WB was not a matter for dealing with under our WB policy but was a safeguarding referral and serious complaint raised about failings in senior management of the PRU, both in terms of safeguarding and in terms of compliance with equality duties, meeting children's needs, and good governance/standards of behaviour.

This was then referred by the MO to Childrens Services and the Council's Local Authority Designated Officer (LADO) to investigate and take appropriate steps.

The second WB allegations related to an alleged anonymized over-heard telephone call about council tax/housing benefits. It appeared to be from a resident who didn't want their details to be passed on to the service or to be contacted. It was not dealt with under the WB policy as it did not relate to an employee – it was instead referred to the internal audit team to investigate.

The last WB allegations were raised against staff on an anonymous basis. The MO did not consider that the WB policy had been triggered and it was referred to the Childrens Services Safeguarding Team to be dealt with as an anonymous grievance.

The Whistleblowing Policy was reviewed by the MO who benchmarked it against a number of other policies across London. It was felt that the Policy needed to be broader and support officers in making WB complaints without fear of recriminations, where the allegations did not amount to WB but were nevertheless made in good faith. A revised WB Policy will be considered by the Audit and Governance Committee during 2023.

Nine complaints were referred to the Councils Monitoring Officer to deal with alleging breaches of the Council's Code of Conduct by Members, of which only two were upheld. A summary is provided below.

A complaint against a member who had misspelt the complainant's name in an out of office email. This was a matter for the group to resolve.

A complaint from a resident in relation to member's declaration of interests in companies in which the member held a directorship. However, such directorships only need to be declared if the company has a place of business within the Borough. Accordingly, the MO advised that there was no need for the directorships to be declared as they were outside of the Borough.

A complaint about a planning issue in relation to which the councillor had not responded to. The matters arose well over the normal 6 month threshold for bringing a complaint. Furthermore, it was clear that the member had raised the issue with the officers. No further action was taken.

Complaint against a member for interfering in a matter where officers were considering issuing a Community Protection Warning. The Monitoring Officer was satisfied that the member's involvement in this matter was perfectly reasonable and not in breach of the Code of Conduct.

A complaint from a resident that four members did not have their Register of Interests forms posted on Council's website.

As a consequence the following improvements have now been implemented:-

1. All prospective candidates will receive a candidate letter prior to an election (including a by-election), which will include information on the statutory requirement to complete their register of interest within 28 days of the election. A template will be attached for information.
2. All successful candidates and new councillors will be reminded of their statutory duty on the evening of election, with corresponding appointment letter, template will again be attached.
3. Register of interest forms will be available at any future councillor enrolment sessions.
4. All new councillors will be sent an email to their LBWF accounts reminding them of the deadline (day 1-7).
5. Code of Conduct training will be offered to all elected members within 2 weeks of an election, where a verbal reminder will be given to all councillors.
6. A courtesy email will be sent to all new councillors with outstanding registers (day 8-14).
7. Monitoring Officer will be provided with a weekly list of outstanding registers from day 14.
8. A final reminder email will be sent to all new councillors (day 21-28).
9. Monitoring officer consults party whips and way forward agreed should any remain outstanding which may include formal action under the Code of Conduct by the Monitoring Office.

In addition, the MO ensured that register of interests was updated for each of the 4 councillors concerned.

A complaint from a resident in relation to the determination of a planning application at the Planning Committee and the criticism of the Chair of Planning . The MO listened to the recording of the meeting and was entirely satisfied that the Member had behaved entirely appropriately in her role as Chair.

A complaint from a resident about intimidation by a number of councillors. The MO was satisfied that there was no evidence of any councillor involvement or councillor intimidation against the complainant.

A complaint from a resident against a member in relation to not responding to a planning enforcement issue. The matter was resolved informally with the complainant on the basis of an apology from the councillor and a referral to the planning enforcement team.

## 5. Conclusion

The Council has concluded that there is a robust governance framework in place which has operated effectively during 2022/23. Looking forward, the Council will address the matters raised in this report and take prompt action to address any other weaknesses identified.



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**Martin Esom, Chief Executive**



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**Cllr Grace Williams, Leader of the Council**

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## APPENDIX A – THE CIPFA/SOLACE FRAMEWORK IN PRACTICE

### A. Behaving with Integrity

The Constitution sets out how the Council operates and includes safeguards to ensure that all decisions made are lawful, efficient, proportionate, transparent and accountable. Eight scrutiny committees are responsible for reviewing Council policies and challenging key decisions as well as monitoring the cost and quality of service delivery. Up to date Codes of Conduct are in place for both staff and Councillors and there is a strong anti-fraud culture with whistleblowing policies and a dedicated Anti-Fraud team in place.

### B. Open and comprehensive stakeholder engagement

The Council has an effective framework for consultation and engagement including regular focus groups, a Resident Insight Survey three times a year and a petitioning scheme together with ad-hoc consultations on individual services whenever a major change is proposed. All consultation exercises are undertaken when proposals are at a formative stage, provide sufficient information, allow adequate time for consideration, and responses are properly considered.

### C. Defining economic, social and environmental outcomes

The Council's strategic priorities are set out in the 'Creating Futures' Strategy. This aligns Government priorities with local priorities for the Council, which are developed in co-operation with partners and the involvement of the local community. A copy of "Creating Futures" can be accessed via

[https://members.walthamforest.gov.uk/sites/default/files/creating\\_futures\\_strategy.pdf](https://members.walthamforest.gov.uk/sites/default/files/creating_futures_strategy.pdf)

### D. Achieving intended outcomes

Performance management and reporting arrangements are in place whereby key performance indicators and related targets are identified for all Council services, reviewed and updated annually. Progress made in delivering these indicators is reported to members and management teams, with a focus on indicators where performance is not meeting the expected targets, particularly where there is no evidence of improvement.

### E. Developing capacity, including the capability of leadership and individuals

A programme of corporate staff training, and a wide range of e-learning facilities are in place. All officers participate in the Council's Performance and Development Appraisal system, which reviews individual training needs on an annual basis. A training programme is also in place for elected members.

The Council has increased the capacity and capability of the organisation through several joint working and partnership initiatives, including strategies to support and develop the local Voluntary and Community Sector.

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

The Medium-Term Financial Strategy is reviewed and updated twice a year. and this process includes a review of usable balances and the council's overall financial standing. Financial Procedure Rules are designed to ensure good budget management and proper procurement practices as well as appropriate systems of internal control. The Council maintains an effective Internal Audit service. The Risk management policy and strategy is implemented and embedded throughout the Council to effectively manage strategic, operational, programme/project and partnership risks.

### G. Transparent reporting and accountability

The Council follows Government guidance on providing clear and accurate information and has developed both its website and the format of Council reports to improve openness, transparency and accessibility. Minutes of meetings, key decisions, registers of interests, gifts and hospitality and all items of expenditure and contracts awarded over £500 are published on the Council's website.



**SECTION – 7**

**GLOSSARY OF FINANCIAL TERMS**

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## GLOSSARY OF FINANCIAL TERMS

### ACCRUALS

The concept that income and expenditure are recognised as earned or incurred, not as money that is received or paid.

### ACTUARY

An independent consultant who advises on the financial position of the Pension Fund.

### ACTUARIAL VALUATION

A review is carried out by the actuary on the Pension Fund's assets and liabilities on the Fund's financial position and recommended employers' contribution rates every 3 years reporting to the Council.

### AMORTISATION

The writing off of a loan balance over a period of time to revenue.

### BAD DEBT PROVISION

An amount set aside to cover money owed to the Council where payment is considered doubtful.

### BAND PROPORTIONS

(Also known as VALUATION BANDS)

This is the relation that a Council Tax property bears to the 'standard' Band D Council Tax. The band proportions are expressed in ninths and are specified in the Local Government Finance Act 1992. They are: A 6/9, B 7/9, C 8/9, D 9/9, E 11/9, F 13/9, G 15/9 and H 18/9, so that Band A is six ninths of the 'standard', and so on.

### BILLING AUTHORITY

A district, unitary or London Borough Council or the Council of the Scilly Isles. The billing authority is responsible for levying and collecting Council Tax in its area, both on its own behalf and that of its precepting authorities.

### BUDGET

The budget represents a statement of the Council's planned expenditure and income.

### BUSINESS RATE RETENTION

The NNDR pool was replaced in 2013/14 by the Business Rates Retention scheme, whereby authorities retain a percentage of the Business Rates collected. In London, 33% collected go to Central Government and 37% to the GLA, leaving 30% for Waltham Forest.

### CAPITAL EXPENDITURE

Expenditure on acquisition of a non-current asset or expenditure that adds to and not merely maintains the value of an existing asset.

### CARRYING AMOUNT/CARRYING VALUE

These terms refer to the capitalised cost of a non-current asset, less accumulated depreciation and impairment.

## **GLOSSARY OF FINANCIAL TERMS (continued)**

### **CASH EQUIVALENTS**

Short-term, highly liquid investments that are readily convertible to cash; e.g. bank call accounts.

### **CODE**

The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

### **COLLECTION FUND**

A fund operated by the billing authority into which all receipts of Council Tax and National Non-Domestic Rates are paid. Payments are made from the fund to support the Council's general fund services and to the precepting authorities. The fund must be maintained separately from the authority's General Fund.

### **COMMUNITY ASSETS**

Assets that the Council intends to hold in perpetuity that have no determinable useful life and that may have restrictions on their disposal, such as parks and historic buildings.

### **COMPONENTISATION**

The recognition of distinct parts of an asset (components) as separate assets for depreciation purposes.

### **CONSUMER PRICE INDEX (CPI)**

The measure of inflation used for the indexation of benefits, tax credits and public service pensions. The CPI is an internationally comparable measure of inflation and is used to compare inflation across the European Union.

### **CONTINGENT ASSET**

A possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

### **CONTINGENT LIABILITY**

Sums of money that the Council will be liable to pay in certain circumstances. e.g. as a result of losing a court case.

### **COUNCIL TAX**

A system of local taxation, which is set by both the billing and precepting authorities at a level determined by the revenue expenditure requirement for each authority, divided by the Council Tax Base for its area.

### **COUNCIL TAX BASE**

An amount calculated by the billing authority, by applying the band proportions to the total properties in each band in order to calculate the number of band D equivalent properties in the authority's area. The tax base is also used by the precepting and some levying bodies in determining their charge to the area.

### **CREDITORS**

Amounts of money owed by the Council for goods or services received.

### **DEBTORS**

Amounts of money owed to the Council for goods or services provided.

## **GLOSSARY OF FINANCIAL TERMS (continued)**

### **DEDICATED SCHOOLS GRANT (DSG)**

A ring-fenced grant from the Department for Education paid to Local Education Authorities for the Education of Children and Young Adults up to the age of 25.

### **DEPRECIATION**

A provision made in the accounts to reflect the cost of consuming assets during the year, e.g. a vehicle purchased for £30,000 with a life of five years would depreciate on a straight-line basis at the rate of £6,000 per annum. Depreciation forms part of the 'capital charges' made to service revenue accounts and is covered by International Accounting Standard (IAS) 16.

### **DIRECT REVENUE FINANCING**

Funding of capital expenditure directly from revenue budgets.

### **EARMARKED RESERVES**

Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish a provision.

### **EXIT PACKAGES**

The cost to the Council of early termination of staff employment before normal retirement age.

### **EXTERNAL AUDITOR**

The Public Sector Audit Appointments Limited (**PSAA**) appoints the external auditor. The current auditor is Ernst & Young.

### **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 motive in their negotiations other than to secure a fair price.

### **FINANCE LEASE**

A contractual agreement for the use of an asset, where in substance the risks and rewards associated with ownership reside with the user of the asset (lessee) rather than the owner (lessor).

### **FINANCIAL YEAR**

The local authority financial year starts on 1 April and ends the following 31 March.

### **GENERAL FUND**

This is the main revenue account of the Council. It includes the cost of all services provided which are paid from Government grants, generated income, NNDR retention and borough's share of Council Tax. It excludes the HRA. By law, it includes the cost of services provided by other bodies who charge a levy to the Council.

### **HERITAGE ASSETS**

Assets held and maintained principally for their contribution to knowledge and culture. e.g. War memorials and museum stocks.

## **GLOSSARY OF FINANCIAL TERMS (continued)**

### **HOUSING REVENUE ACCOUNT (HRA)**

An account which includes expenditure and income arising from the provision of rented dwellings. It is, in effect, a landlord account. Statute provides for this account to be separate from the General Fund and any surplus or deficit must be retained within the HRA. No costs may be charged to Council Tax nor can Housing Rent income be used to support General Fund expenditure.

### **IMPAIRMENT**

This is where the value of an asset falls below the carrying value in the accounts and so to reflect the commercial reality of the situation a charge is made in the running costs.

### **INFRASTRUCTURE ASSETS**

Non-current assets that are unable to be readily disposed of, the expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.

### **INTANGIBLE ASSETS**

Assets which do not have a physical form but provide an economic benefit for a period of more than one year; e.g. software licences.

### **INTERNATIONAL FINANCIAL REPORTING INTERPRETATION COMMITTEE (IFRIC)**

The body which set financial reporting guidelines based on International Financial Reporting Standards. Since 2009/10, the treatment of PFI was based on the adoption of IFRIC standard 12. IFRIC standard 4 is followed in determining whether an arrangement contains a lease

### **INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

Local authorities are required to adopt the International Financial Reporting Standards (IFRS); a code of practice based on an internationally agreed set of financial rules. These dictate a level of analysis and disclosure that allows readers of the Statement of Accounts to gain a clearer understanding of the Council's financial position and activities.

### **INVENTORIES**

Materials or supplies to be used in the production process or in providing services; for this Council, the fuel transport store.

### **LEVIES**

The Council is statutorily required to pay levies to a number of national, London-wide and local bodies. Examples are the North London Waste Authority and the Lee Valley Regional Park Authority.

### **MINIMUM REVENUE PROVISION (MRP)**

A statutory amount, that has to be charged to revenue, to provide for the redemption of debt.

### **NATIONAL NON-DOMESTIC RATE (NNDR)**

More commonly known as 'business rates', these are collected by billing authorities from all non-residential buildings. The poundage level is set by the Treasury. Amounts payable are based on rateable values multiplied by this poundage level.

### **NEW HOMES BONUS**

New Homes Bonus is a Government scheme aimed at encouraging local authorities to grant planning permissions for building new houses and bringing long-term empty properties back into use. The non ring-fenced grant is based on the number of properties.

## **GLOSSARY OF FINANCIAL TERMS (continued)**

### **NET BOOK VALUE**

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value, less the cumulative amounts provided for depreciation.

### **NON-CURRENT ASSETS**

Assets which yield a benefit to the Council for a period of more than one year.

### **OPERATIONAL ASSETS**

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or a discretionary responsibility.

### **NON-OPERATIONAL ASSETS**

Fixed assets held by a Council, but not directly occupied, used or consumed in the delivery of services; for example, investment properties and assets surplus to requirements held pending sale or redevelopment.

### **OUTTURN**

This is the actual level of expenditure and income for the financial year.

### **PENSION FUNDS**

For the Local Government Pension Scheme, the funds that invest employers' and employees' pension contributions in order to provide pensions for employees on their retirement and pensions for employees' dependants in the event of death of an employee.

### **PENSION STRAIN**

The cost to the Council of reimbursing the Pension Fund should it agree to employees aged 55 and over drawing their pension before normal retirement age.

### **PRIVATE FINANCE INITIATIVE (PFI)**

PFI offers a form of Public-Private Partnership in which local authorities do not buy assets but rather pay for the use of assets held by the private sector.

### **PRECEPT**

This is the method by which a precepting authority (Greater London Authority in London) obtains income from the billing authority to cover its net expenditure. This is calculated after deducting its own Revenue Support Grant. The precept levied by the precepting authority is incorporated within the Council Tax charge. The Council pays the amount demanded over an agreed time scale.

### **PROPERTY, PLANT AND EQUIPMENT (PPE)**

Covers all tangible (physical) assets used in the delivery of services, for rental to others, or for administrative purposes, that are used for more than one year.

### **PROVISION**

Amount set aside for liabilities and losses, which are certain or very likely to occur but where the exact amount or timing of the payment is uncertain.

## **GLOSSARY OF FINANCIAL TERMS (continued)**

### **PRUDENTIAL CODE**

The Prudential Code frees authorities to set their own borrowing limits having regard to affordability. In order to demonstrate this has been done, and enable adherence to be monitored, authorities are required to adopt a number of appropriate 'Prudential Indicators'.

### **PUBLIC WORKS LOAN BOARD (PWLB)**

A government agency, part of the Debt Management Office which lends money to public bodies for capital purposes. The majority of borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury.

### **PUPIL PREMIUM GRANT**

This is based on Free School Meals (FSM) eligibility data as at January each year. It is ring-fenced to schools in the same way as DSG.

### **RATEABLE VALUE**

The Valuation Office Agency (part of HM Revenue and Customs) assesses the rateable value of non-domestic properties. Business rate bills are set by multiplying the rateable value by the NNDR poundage set by the Government for the year. Domestic properties do not have rateable values; instead they are assigned to one of the eight valuation bands for Council Tax.

### **RELEVANT POPULATION**

The population of the London Borough of Waltham Forest, as determined by the Secretary of State, is used to determine the Council's share of Revenue Support Grant.

### **RETAIL PRICE INDEX (RPI)**

The measure of inflation used prior to the adoption of CPI by the Government.

### **REVALUATION**

Recognises increases or decreases in the value of non-current assets that are not matched by expenditure on the asset; gains or losses are accounted for through the revaluation reserve.

### **REVENUE EXPENDITURE**

The regular day to day running costs a Council incurs to provide services.

### **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)**

Expenditure which is legitimately financed from capital resources, but which does not result in, or remain matched with tangible assets.

### **REVENUE SUPPORT GRANT (RSG)**

The general grant paid by the Government to local authorities to help finance their services.

### **SURPLUS ASSETS**

Assets not being used in the delivery of services that do not qualify as being 'held for sale' under accounting guidance.

### **SOFT LOANS**

Funds received and advanced at less than market rates.

## GLOSSARY OF FINANCIAL TERMS (continued)

### UNSUPPORTED BORROWING

Local authorities can set their own borrowing levels based upon their capital need and their ability to pay for the borrowing, costs are not supported by the Government so services need to ensure they can fund the repayment costs. The borrowing may also be referred to as Prudential Borrowing.

### USABLE CAPITAL RECEIPTS

This represents the amount of capital receipts available to finance capital expenditure in future years, or to provide for the repayment of debt.

### ABBREVIATIONS USED IN THE ACCOUNTS:

**BRS** – Business Rate Supplement

**CCG** – Clinical Commissioning Group

**CIPFA** – Chartered Institute of Public Finance and Accountancy

**CIES** – Comprehensive Income and Expenditure Statement

**CPI** – Consumer Price Index

**DSG** – Dedicated Schools Grant

**EIP** – Equal Interest and Principal

**EIR** – Effective Interest Rate

**FRS** – Financial Reporting Standard

**HRA** – Housing Revenue Account

**IAS** – International Accounting Standards

**ISB** – Individual Schools Budget

**IFRS** – International Financial Reporting Standards

**MIRS** – Movement in Reserves Statement

**MRR** – Major Repairs Reserve

**NELFT** – North East London Foundation Trust

**NNDR** – National Non-Domestic Rates

**NPS** – Norfolk Property Services

**PFI** – Private Finance Initiative

**PPE** – Property, Plant and Equipment

**PWLB** – Public Works Loan Board

**REFCUS** – Revenue Expenditure Funded From Capital Under Statute

**RICS** – Royal Institution of Chartered Surveyors

**RPI** – Retail Price Index

**RSG** – Revenue Support Grant

**RTB** – Right to Buy