

London Borough of Waltham Forest

**DRAFT**  
**STATEMENT of**  
**ACCOUNTS 2023/24**



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## Preface from the Leader of the Council

Councils across the country continue to face an extremely challenging financial landscape and Waltham Forest is no different. Since 2010, we have had to find £127m in savings after a huge reduction in funding from central government. We are looking after 1,000 more people with complex needs than we were before the pandemic, a 40% increase, and the average cost of adult social care packages has risen by 13% in the past year alone. We are seeing over eighty families a week present to us as homeless and this is increasing every month.

We need to make £18 million of savings this financial year due to increased demand and falls in government funding. Meanwhile, we are maintaining our commitment to building a fairer and more equitable borough and working ambitiously with our partners to make Waltham Forest a better place to live for our residents. To effectively deliver the best outcomes for residents, we need to adapt as an organisation.

To this end, we have put our new Corporate Plan, Mission Waltham Forest, into place. This plan is the 'golden thread' driving all of our work and sets out the Council's plan to deliver a more equal borough by 2030. It is our commitment to our residents to tackle the fundamental challenges they face and drive the change within the Council that is needed to achieve this.

To deliver on our ambition, we have set a series of Council Missions to ensure we design services around resident needs, take a more preventative approach, build a more inclusive workforce, and secure a firm financial footing. These missions will be the key enablers supporting our Borough Missions, as we continue to do our best to support our residents and improve their access to opportunities.

During this time of adjustment and transition, we continue to deliver the best services we possibly can and deliver on ambitious projects, such as our successful campaign to extend the vital Household Support Fund, which enables us to continue providing much-needed cost-of-living support for some of our most vulnerable residents.

In order to understand and increase the trust and confidence in policing within Waltham Forest, we held the UK's first ever Citizens Assembly on the subject of community safety earlier this year. Assembly participants have produced a number of thoughtful recommendations, the majority of which are for the Police to consider with the Council's support.

It is an unescapable fact that the housing crisis is not abating and in fact has worsened, and increasingly our residents struggle to afford decent housing. Compounding this, the council has seen a 50% increase in residents turning to us at risk of homelessness. Our new Housing Strategy has been put in place to address these issues while incorporating the findings of the Homelessness Review, the Affordable Housing Commission, and input from our staff and partners.

With our push to make Waltham Forest a fairer and more equal borough, we are pushing to further improve how we operate as employer and won the LGC Workforce Awards 2023 in the category Best Equality, Diversity and Inclusion Employer, a testament of how far we have come in this journey so far.

We have delivered these achievements while maintaining our unshakeable commitment to safeguarding the vital everyday services that residents rely on – whether this be bin collections, care homes, libraries, support for those who are declared homeless to filling potholes, of which we have managed to fill 5,415 this year alone. The smooth and effective delivery of these services is central to our guiding principle of fellowship, and to the betterment and wellbeing of residents.

We currently have over 300 looked after children being supported by our children's social care team and have continued work to their outcomes with initiatives to increase the number of in-house foster carers, remove barriers for children with permanence plans for rehabilitation at home, ensure residential care packages are only used where appropriate, and charge appropriately for residential and short breaks provisions.

As part of our ambitious target to promote cleaner and greener travel within the borough, we installed 218 electric vehicle charging points in 23/24 with plans to bring the total number to 1000 by Summer of 2024.

Despite the pressures created by the cost-of-living crisis, we have continued to generate investment. We have published our Capital Investment Strategy which details how we will invest £749.2m over the next ten years in the places to help tackle the housing crisis. We will build 3,017 new homes, of which over half will be affordable, and at the same time create 1,116 new jobs, alongside 638 apprenticeships and work placements. These skills will help set local young people up for success in their future careers – we want the builders of tomorrow to lay their first foundations here in Waltham Forest.

Thanks to £135m worth of new funding from the Mayor of London, primary school children across Waltham Forest are now able to benefit from free school meals. We have also launched our Family Hubs programme across Waltham Forest. Via Government funding, the Council is ensuring every family has access to the support they need through an additional £4.1m of investment.

The University of Portsmouth has officially launched its Walthamstow campus, bringing an estimated 500 new local jobs to the borough and up to £372 million over the next 20 years. The borough will retain a cinema right here for residents, as it reopens under a new operator, PDJ Cinemas. After a £1 million investment from the Council, our new state-of-the-art Lee Valley Ice Centre building has opened to the public, underlining just how important physical activity and leisure is to our vision of the borough.

We continue to push our shared vision to deliver a more equal borough, where everyone can make the most of their strengths to live the life they want to lead. We are doing this while embedding our mission-led ethos within the Council and with our partners through our mission-based approach.

In 2024/25, 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 making difficult decisions 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 2024**. 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 2023/24 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. More than half (53%) of residents are from a minority ethnic background (other than White British/Irish) compared to 58% in London as a whole. The largest ethnic group is White British/Irish (32%), followed by White Other (20%), Pakistani (11.5%) and Black African (7.8%).<sup>5</sup>
- According to the 2019 Indices of Deprivation, Waltham Forest is the 12th most deprived borough in London and ranked 79th most deprived out of all 317 authorities in England.<sup>6</sup>
- Approximate 38% of children in Waltham Forest are estimated to be living in poverty as of 2021, above the London (33%) average.<sup>7</sup>

### Economy and Employment

- As of September 2023, more than 146,800 of working age residents are economically active, of which 143,600 (71.3%) are in employment. This in line with the London average of 74.6% and 75.8% for England.<sup>8</sup>
- There is a large range of income across Waltham Forest. Typically, those living in the north of the borough earn more than those in the south. In 2023, the median weekly earnings for full-time working residents was £764.80 per week. This was lower than the median income for London £796.30 and higher than the median income for England £682.60.<sup>9</sup>
- The Claimant Count is the stock of Universal Credit and Job Seekers Allowance claimants expressed as a percentage of the working age (16-64). The number of claimants is 12,265 (6.3%) as of February 2024, which higher than the London average (5.2%).<sup>10</sup>

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

<sup>[2]</sup> [Waltham Forest Statistics about the borough](#)

<sup>[3]</sup> [Office for National Statistics](#)

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

<sup>[5]</sup> [Waltham Forest Statistics about the borough](#)

<sup>[6]</sup> [National Statistics English indices of deprivation 2019](#)

<sup>[7]</sup> [Trust for London](#)

<sup>[8]</sup> [Nomis Labour Market Profile – Waltham Forest](#)

<sup>[9]</sup> [Nomis Labour Market Profile – Waltham Forest](#)

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

## Some Key Facts about the Area (continued)

- Waltham Forest has had strong business and employment growth in recent years, in line with national and regional trends.<sup>11</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>12</sup>
- 94% of enterprises in Waltham Forest are micro businesses employing fewer than 10 people.<sup>13</sup>

## Housing

- Properties in Waltham Forest had an overall average price of £556,822 over the last year. Overall, sold prices in Waltham Forest over the last year were similar to the previous year and 6% up on the 2021 peak of £525,934.<sup>14</sup>
- There are over 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. Home ownership levels in Waltham Forest have been steadily increasing over the past decade. 30.4% of households are bought through a mortgage (higher than the London average of 25.6%), with 20% being owned outright (in-line with London at 21%).<sup>15</sup>
- As of 2021, Waltham Forest is the 15th most densely populated of London's 33 local authority areas.<sup>16</sup>
- 38.4% of households in the borough own their homes with a mortgage or through shared ownership, 42.4% are private rented, and 19.2% rented from the Council or a Housing Association.<sup>17</sup>
- Between 2013 and 2023, over 7100 permanent dwellings have been built in Waltham Forest.<sup>18</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>19</sup> This makes housing in Waltham Forest less affordable than in London as a whole.

## Some key facts about the Council

The London Borough of Waltham Forest is divided up into 22 wards and there are 60 elected members. The Council operates a Cabinet style administration and Cabinet Members meet monthly and are responsible for making most administrative and political decisions. Each Cabinet Member looks after an individual area of responsibility. 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 £242m Council Tax and Business Rates each year
- administers £117m 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>[11]</sup> [ONS: UK business: activity, size and location](#)

<sup>[12]</sup> [ONS Enterprises by District](#)

<sup>[13]</sup> [Waltham Forest Statistics about the borough](#)

<sup>[14]</sup> [Rightmove: House Prices in Waltham Forest](#)

<sup>[15]</sup> [Office for National Statistics](#)

<sup>[16]</sup> [Waltham Forest Statistics about the borough](#)

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

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

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

## Our key achievements 2023/24

Over the past year we have worked closely with communities, residents, and partners to navigate tough economic circumstances, grow resilience in our communities, tackle inequality and build a more equal borough, where everyone who lives here is able to thrive.

Waltham Forest is a place where communities come together to support one another, providing us with a layer of resilience against the challenges that are placed before us. Working across our services, in close partnership with organisations from the Voluntary and Community Sector, and other partners, we have targeted help where it is most needed, including delivering more quality early intervention and prevention services.

Inequality is a defining feature of life in Waltham Forest. Differences in access to wealth and opportunity has very real impact on the health, wellbeing and prosperity of our residents and our borough. We have already kicked-off a host of transformative work, moving us towards creating a more equal Waltham Forest. This includes Building a Fairer and Healthier Waltham Forest, our formal response to the recommendations from the Institute of Health Equity's A Fairer and Healthier Waltham Forest report. The Council received the final report of the Affordable Housing Commission, including recommendations on how the Council can maximise the delivery of genuinely affordable housing in the future. Will use this to shape our approach to house building that brings benefits to all residents, from those who move into new schemes, to the already-existing communities, and the wider population who live and work in the borough.

To understand what life is like for people who live here, we have continued investing time in talking to our diverse communities, listening to their aspirations, concerns, and ideas for change. We have used different engagement methods to find what works for Waltham Forest and created more inclusive engagement so there are different opportunities for people to take part in ways meaningful to them. Residents' ideas and experiences have been at the centre of our work and residents are able to be part of and lead change. A prime example is our Citizens' Assembly on the Future of Neighbourhood Policing, working together with residents to shape how the local Police work in our neighbourhoods. Through harnessing the power of our people and partnerships, we will proactively tackle inequalities so everyone can thrive in a place of opportunity.

In March we launched Mission Waltham Forest: Our Plan for a More Equal Future. It sets out a new vision for the future of our borough, "A more equal borough, where everyone can make the most of their strengths to live the life they want to lead". The mission-based approach helps translate the biggest and most complex challenges we face into measurable, achievable goals. This is also intended to incentivise innovation, flexibility, and collaboration. It will shape a more equal borough, tackle inequality and drive the transformation the Council needs to deliver this. There are six Borough Missions that focus on the issues that matter most to our residents and how we will respond to these, and four Council Missions that outline how we must transform how we work to deliver on our vision for the borough.

Below are some of the achievements we have made over the previous year towards achieving our ambitions:



## Our key achievements 2023/24 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Ensure every family and every child are given every opportunity</b></p> <ul style="list-style-type: none"> <li>• Support for families within easy reach of home</li> <li>• Diverse opportunities for young people with additional needs</li> <li>• A strengths-based approach towards independence</li> <li>• A network of interconnected support</li> <li>• Health equity and positive wellbeing at every age</li> <li>• Inclusive educational settings from day one</li> </ul>	<p><b>Early Years Inclusion Pathway:</b> We have worked with partners to develop and launch the Early Years Inclusion Pathway. This multi-agency pathway is delivered as part of the Family Hubs offer by a range of Education, Health and Family Support professionals. The pathway ensures all children under 5 are offered services to identify and support suspected or known learning and developmental delay early. These children are able to access a range of free inclusive learning and development opportunities, irrespective of whether they attend a school nursery or Ofsted registered childcare setting or not. Accessing these services support children to make expected levels of progress and also ensure that they are ready for, and experience a smooth transition from home to nursery and nursery to school. Parents/Carers are also empowered to have a good understanding of how their child develops and how they can take an active role in supporting their child's learning.</p> <p><b>Family Hubs:</b> Waltham Forest's four Family Hubs are a one-stop shop to access the support families need. Family Hubs provide services and support throughout the borough. They 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. There are also a broad range of services available for the community to access which includes spaces where adults can come for support with smoking cessation, access language clubs or ESOL and domestic abuse counselling. Residents can also visit and have a drink and friendly conversation, knowing they are welcome.</p> <p><b>Local Fostering Community:</b> Waltham Forest successfully secured funding from the Department for Education to test new, regional ways of working to increase the number of Local Authority foster carers. We are the lead Local Authority across Greater London East to deliver the pilot. The purpose of the pilot is to increase the pool of Local Authority foster carers across northeast London; over time, this should reduce reliance on Independent Fostering Agencies and reduce the strain on local authority budgets.</p> <p>The pilot contains three strands of work:</p> <ol style="list-style-type: none"> <li>1. A Fostering Recruitment Hub that that supports prospective foster carers from their initial enquiry and right through the application process. This centrally-run 'front door' provides a single point of contact for those enquiring about fostering and ongoing emotional and practical advice on the approval process.</li> <li>2. A foster care recruitment communications campaign to drive interest to recruitment hubs and boost the number of quality enquiries.</li> <li>3. Roll out of the 'Mockingbird' fostering model which is based on the concept of an extended family, to enhance the offer to new applicants and boost retention of existing carers.</li> </ol> <p>We are indeed very excited to work with our Local authority partners and the DfE to implement this innovative project that will see an increase of pull of approved foster carers across the East London Footprint and enable more children and young people in care to live within their local communities, families and friends.</p> <p><b>Edge of Care early intervention initiative:</b> The Edge Of Care (EOC) initiative aims to improve outcomes for children and young people who may be in care, or at risk of entering care, whilst reducing spend and helping the Council to remain financially sustainable; it is a core aspect of the Council's reset programme. EOC'S model is to promote and support family preservation and reunification, including urgent response practice, whenever it is in the child's best interests. It offers a dynamic and family centred approach offering out of hours support, activities and supporting our Emergency Duty Team 7 days a week. We focus on early identification of young people whose outcomes are not improving at home, to enable appropriate and timely intervention. Families are at the heart of EOC's objectives and specifically prioritises earlier intervention to support families to improve their quality of life. Last year the EOC team worked with 50 families, of which 92% successfully remained together as a family in the family home.</p>

## Our key achievements 2023/24 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Ensure every family and every child are given every opportunity (continued)</b></p>	<p><b>Leaders Pledge Universal Family sessions:</b> Waltham Forest delivered universal free family sessions for 30 days during the Easter and Summer holidays during 2023/24. Key highlights include:</p> <ul style="list-style-type: none"> <li>• 5,276 places were attended by school aged children who enjoyed a wide range of free enrichment and physical activities provided by local sports clubs, arts groups and local artists across school sites in Waltham Forest.</li> <li>• 3,819 hot meals were served to school aged children during universal family sessions during school summer holidays.</li> <li>• 400 children and their families enjoyed the play bus which toured local parks during Summer 2023</li> </ul> <p><b>Youth Spaces:</b> In early 2023 the Council launched Space4all, part of the new Family Hubs network. Space4All provides all young people with safe, fun and free activities, usually right after school. We run junior youth spaces for 9 to 12 years, after-school spaces for 11 to 18 years, and targeted provision for 18 to 25 years. 18 sessions take place in familiar spaces across the borough, including youth centres, Family Hubs, Church halls, mobile youth buses, and in Family Hubs. We have worked in partnership with several local organisations, including Project Zero, Lymore Gardens, and Young Urban Arts Foundation. Thousands of young people across the Borough have enjoyed sessions in the first year of opening.</p> <p><b>Household Support Fund:</b> A key aim of the fund is to distribute direct financial support to residents that most need it. We know that this type of support helps residents to reduce debt, purchase food, cover the cost of bills and afford essential items. In 2023/2024, £500,000 was directly awarded to financially vulnerable groups in the borough, including groups with less than £1,000 capital, carers and people aged 80+. In addition, we expanded our Local Welfare Assistance scheme, with an additional £600,000 and to include payments for rent arrears. Referral schemes in Early Help, Children's Social Care for Care Leavers and Young Carers also provided financial and essentials support through direct cash awards, food or fuel vouchers to individuals and families struggling with the cost of living and identified by professionals working closely with them.</p> <p>Using the Household Support Fund we have increased information, advice and guidance in the borough and provided safe, welcoming spaces within communities for residents to go and receive support. This type of support has helped to reduce social isolation and loneliness and provide residents with access to advice and support on issues affecting them most, such as benefits and income maximisation. 27 Community Living Rooms have been funded to start and develop their offer in the borough which has resulted in support for over 2,000 residents every month and built the resilience of the Voluntary and Community Sector in the borough to continue offering residents spaces and support.</p> <p>Through schools, we have given food vouchers to 11,000 families who have children in receipt of benefits-related free school meals. These food vouchers have provided essential support in feeding families during all school holidays. HSF has also funded primary school breakfasts as research shows that breakfast improves learning and academic performance, yet approximately 30% of children go to school without breakfast.</p> <p>We will now embed our 6 month Household Support Fund allocation for April-September 2024 into practices that build community and resident resilience and offer support for residents to unlock their own capabilities, with practical support and guidance from their own communities and the Council.</p>

## Our key achievements 2023/24 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Build an economy that works for everyone</b></p> <ul style="list-style-type: none"> <li>● Build a strong foundational economy</li> <li>● Create ambitious employment, training, and apprenticeship opportunities</li> <li>● Create workspaces that work for residents</li> <li>● Tackle childcare as an economic barrier</li> <li>● Invest in the next generation</li> </ul>	<p><b>Employment Business and Skills:</b> The 23/24 financial year was one of strong progress in the council's employment, business and skills programme, driven in part by the emerging Inclusive Growth and Economy Framework and the change in funding regimes. Within skills we consolidated on our good and outstanding Ofsted grade securing achievement rates of over 90% across the Adult Learning Service, with great credit to those of our residents who are in learning, who often face additional barriers to achieving. Our employment programmes also succeeded with the establishment, in the Junction, of a joint initiative with the Department for Work and Pensions, to help people already in a job earn more. We also successfully completed the last of our European Social Fund programmes helping those facing barriers to work get the help they need. This also meant that we successfully established a new programme under the UK Government's Shared Prosperity Fund's People and Skills theme helping people facing similar barriers. This year has also been the year when our employment and skills services increased their focus on supporting those with long term health conditions to get and keep work. This is in response to the increasing numbers of residents who are economically inactive for health reasons.</p> <p>Our work to support local businesses and entrepreneurs has also seen success. We improved our digital business support offer through Waltham Forest Connected <a href="https://wfconnected.org/">https://wfconnected.org/</a> to help businesses and entrepreneurs, start up, succeed and grow. With many businesses in the borough on industrial estates we have naturally targeted support there. For example, the Argall estate is a strategic industrial area with over 400 businesses and 2,800 jobs. Our Digital Map <a href="http://www.argallmap.co.uk">www.argallmap.co.uk</a> has helped promote and showcase the array of diverse businesses in the Lea Bridge area, from film makers to food caterers, beauty brands, breweries, manufacturing and logistics. We've also used Shared Prosperity Fund under the Supporting Local Business theme to maintain our BIPC business support centre at Leytonstone Library. This hub of useful help has enabled over 500 businesses become more digital savvy in the way they conduct business through our e-business newsletter, including reducing their carbon footprint. We also know that access to finance is an important barrier to growth for some businesses, so we have continued to roll out our Productive Valley Fund. Concentrating on the Lea Valley the fund supports businesses with their growth plans, helping them to purchase vital equipment, decarbonise their operations and implement new systems to enable them to win new contracts and create new jobs.</p> <p><b>Apprenticeships offer:</b> From April 2023 – March 31st 2024 we have enrolled 77 Council employees onto apprenticeships. We have also supported our Schools by enrolling 19 of their staff onto an apprenticeship. Apprenticeship levels have been a blend of Level 3 – Level 7. Following a review of our apprenticeship delivery partners, we have introduced four new training providers to support with our staff development training requirements. We have also supported three businesses within the Borough with Levy Transfers to support with the development of their staff through apprenticeships – we have provided these businesses with £28,400 in funding.</p> <p><b>Digital Inclusion - Let's Get Digital:</b> The Digital Inclusion Strategy was developed in 2022 outlining an ambitious vision and delivery plan to ensure everyone in our borough has the skills, tools, and support to thrive in an increasingly digital world.</p> <p>Highlights of delivery to date include:</p> <ul style="list-style-type: none"> <li>● <b>Launch of Digital Help Drop-in sessions</b> - Free drop-in sessions for residents to get help with their devices, use the internet and improve skills. Delivered by friendly Digital Champion volunteers, taking place weekly in Leytonstone, Walthamstow, and Wood Street Libraries, with Chingford Library launching in April 2024</li> <li>● <b>Digital Inclusion Fund 2023 - VCS Organisations</b> - 8 local VCS organisations awarded £56,266 to deliver projects with Digital Champions in their communities. They are open to all. with a focus on older adults, low-income households, migrants, including refugees and sanctuary seekers and those experiencing mental health issues, food insecurity or social isolation.</li> <li>● <b>National Databank – free SIM cards</b> - Providing free mobile data, texts and calls to people experiencing digital poverty. Services identify residents and submit an online referral. Referred residents can collect a SIM card from one of four libraries, Chingford, Lea Bridge, Leytonstone, or Walthamstow. Main referral channels include ESOL Single Point of Contact, Early Help Community Drop-Ins, Refugee Resettlement team, Check in and Chat, Family Hubs, and Social Prescribing</li> <li>● <b>Get Online for Less – Social Tariffs</b> - A campaign to raise awareness on social tariffs, reduced cost broadband packages, offered by broadband and telecom companies to eligible benefit claimants.</li> </ul>

## Our key achievements 2023/24 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Build an economy that works for everyone (continued)</b></p>	<p>Key achievements include:</p> <ul style="list-style-type: none"> <li>• 67 - Digital Champions recruited and onboarded to support residents across the borough</li> <li>• 410 - skills support sessions delivered</li> <li>• 1,611 - residents supported with digital skills sessions</li> <li>• 495 - SIM cards distributed</li> <li>• 10,800 - residential addresses reached through the Get Online for Less campaign</li> </ul> <p><b>University of Portsmouth London Campus:</b> The Council is working in partnership with the University of Portsmouth to deliver a once-in-a-generation opportunity to deliver the first higher education campus within the borough. The University of Portsmouth has a strong foundation of world-class teaching, pioneering research and excellent student experience and this is at the heart of the new campus in Waltham Forest. The campus will accommodate at least 4,000 students, providing a wide-ranging higher educational offer to local students and beyond. An Admissions and Recruitment Centre in Walthamstow Library opened in March 2023, with public drop-in sessions held every Wednesday. Campus fit out commenced following completion of Juniper House in September 2023 and Central House sale was completed, allowing for the planning and design stage to commence.</p> <p><b>Soho Theatre Walthamstow:</b> Soho Theatre Walthamstow sees the refurbishment of the former EMD Cinema, a Grade II listed Building in Walthamstow. The theatre opening is planned for 2025 and will be the centrepiece of a new Cultural Quarter in Walthamstow. Once work is finished, the venue's doors will open for a series of soft launch activities for residents across Waltham Forest, including tours, test activities and performances. Delivery over the last twelve months includes removal from Historic England's Buildings 'At Risk' register and removal from Theatres Trust's Theatres 'At Risk' list. Historic finishes have been restored and construction of circulation wings and back of house fly tower and technical areas, as well as shell and core construction to commercial units, have completed.</p>
<p><b>Make Waltham Forest a great place to live and age well</b></p> <ul style="list-style-type: none"> <li>• An age-friendly borough</li> <li>• Tackle pensioner poverty</li> <li>• Inclusive spaces and places that encourage intergenerational connection</li> <li>• Support for residents to navigate tomorrow</li> </ul>	<p><b>All Age Carers Strategy:</b> Cabinet approved a new All Age Carers Strategy and Action Plan in April 2023. Building on the strengths and achievements of the previous All-Age Carers Strategy, the Council has gone further with commitments from stakeholders and a pro-active programme of works that will be delivered over the lifetime of the strategy to achieve its commitments. The First year of the strategy has seen the launch of our Carers Charter and awareness raising of the support for carers the Council has in place.</p> <p>Our recent survey of carers showed a significant increase in overall satisfaction of carers with social services and an increase in the proportion of carers who reported that they were very or extremely satisfied with the support or services they and the person they care for had received.</p> <p><b>Adult Early Help:</b> Across 2023/24 the Adult Early Help service supported 1,800 residents through our five weekly drop-ins, including the launch of our new migrant community drop in at the Welcome Hub in Lea Bridge Library. Residents can access support through drop ins at our Family and Welcome Hubs, which are supported by a team of Council staff, volunteers and partner organisations. Adult Early Help have distributed £30k through the HSF4 funding to support 150 residents with the cost of living, including support with bills and food. In addition, the Adult Early Help Link Worker service has supported 260 new referrals in. The service continues to support residents to build their resilience, confidence and independence ultimately preventing the need for statutory services. The Adult Early Help team are now co-located within Adult MASH to prevent and delay residents from requiring care and support through Adult Social Care. Adult Early Help have held multiple workshops and events within community spaces such as libraries to support residents with areas such as employment, housing, and health.</p>

## Our key achievements 2023/24 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Make Waltham Forest a great place to live and age well (continued)</b></p>	<p><b>Public Health commissioned services:</b> Public Health commissioned services have seen good performance in 23/24. Substance misuse services have achieved top quartile performance in London on key indicators around residents in treatment; responded innovatively to the recent challenges of synthetic opiates and increase activity in the south of the borough with effective outreach, new rapid prescribing models, increases Naloxone provision and excellent partnership work. In addition, Waltham Forest achieved the highest rate in London of c-card (free condom) uptake, third highest rate in London for NHS Health Checks, and saw improved performance on key indicators of smoking cessation and health visiting services. Finally, Waltham Forest was able to successfully procure new adult and family healthy weight services, to begin in April 2024, building on the existing offer that has seen particular success in supporting communities that have traditionally not engaged with services.</p> <p>Beyond commissioned services, public health has led on the Council's response to the local Marmot report; and commissioned the King's Fund to provide support to the whole of the local health and care system in moving to being a system of health equity. 2023 also saw the relaunch of the local JSNA, informing the wider partnership around local health needs (with an additional children's specific document also produced); and the Healthy Weight strategy, addressing issues with a three pronged approach around people, place and stigma. The team has provided support to the local system around emerging vaccination asks, leading on comms and engagement in relation to both COVID and Flu winter vaccination, and the recent campaign to address the drop in uptake of MMR vaccination. In collaboration with colleagues across the council, public health led on producing a two-year old pack, building on the new birth pack launched last year, aimed at improving health and development outcomes of young children and encouraging uptake of the local Best Start in Life offer. The team has also led on upskilling staff and local residents around meaningful conversations designed to improve health, with over 550 people given Making Every Contact Count training.</p> <p><b>Tackling health inequalities:</b> In early 2024, we published our Building a Fairer and Healthier Waltham Forest report which sets out our response to the recommendations in the Institute of Health Equity (IHE) (Marmot) report, outlining our bold commitments and ambitions to addressing health inequalities within our borough. Our report describes how we are taking a mission-based, cross-Council response to embed tackling health equity in everything we do, and how through three Marmot Accelerator areas, 'Good work, better health', 'Healthier homes', and 'Greener and healthier places', we are working alongside partners to deliver new, ambitious, cross cutting strategies and work programmes that are designed and delivered with the needs of those who experience the deepest health inequalities at their core.</p> <p>The IHE report was clear that achieving our vision of a fairer and healthier borough can only be made a reality if everyone - including our health, care and voluntary and community sector partners – come together as a system to act on the social, economic and environmental factors that impact our residents' health. Through our two-year commission with population health leaders from the King's Fund, co-funded by the ICB, we are driving action at a system-level, working with partners to drive a more integrated, preventative, place-based approach to addressing health inequalities which will include the co-design and co-delivery of system-wide practical initiatives that have the greatest potential to deliver transformative change on health outcomes for our residents.</p> <p><b>Healthy Weight Strategy:</b> Healthy weight has been a priority area of work for the Council and our partners for a number of years and progress has been made towards establishing a successful whole systems approach to creating a healthy weight environment for our residents. The Council and partners worked together to create a shared vision for a Healthy Weight Strategy, based on the views and experiences of our residents. Our vision is to create a borough that makes healthy choices easier for everyone and is more understanding and supportive towards people living with obesity. The Healthy Weight Steering Committee meets regularly to take forward a plan of work to reduce obesity levels in children and adults and reduce health inequalities in the borough.</p> <p><b>Food Innovation Fund:</b> The Council launched the Food Innovation Fund to offer grants to local VCS groups who want to move towards more innovative food practices and a more diversified offer of food support for residents. Up to £10,000 funding is available for individual groups applying to run a project as a single entity. Up to £30,000 funding is available for a maximum of three groups to apply to run a project as a partnership. The Food Innovation Fund will help innovative, community-led work and fund proposals that build a resilient, sustainable community of support, based on the foundations of collaboration, mutual aid, and dignity for all. 17 applications were received and 7 organisations were awarded funding.</p>

## Our key achievements 2023/24 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Tackle the housing crisis head on</b></p> <ul style="list-style-type: none"> <li>• A sustained programme of housebuilding</li> <li>• A new deal for private renters</li> <li>• A preventative approach to homelessness and rough sleeping</li> <li>• A new generation of climate-friendly homes</li> <li>• A high standard of home for a good quality of life</li> </ul>	<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. In 2023 we established the borough's first ever Affordable Housing Commission. Chaired by the Chief Executive of Metropolitan Thames Valley Housing Association, Geeta Nanda OBE, the Commission brought together a panel of eight independent experts to advise us on what more the Council could do to tackle the housing crisis. The Commission concluded that the Council has been successful in securing a high number of affordable homes from new development over the last ten years. Commissioners also praised the spatial strategy set out in the new Local Plan, the supporting Infrastructure Delivery Plan, and the Council's commitment to high-quality design for new schemes. However, the Commission warned of challenges ahead, outlined how global economic trends mean that building new homes is likely to become more difficult. In response to the recommendations of the Housing Commission we are developing a new Housing Strategy for based on extensive consultation with residents, staff and partners.</p> <p><b>Waltham Forest Affordable Housing Commission:</b> The Waltham Forest Affordable Housing Commission was formed of a panel of eight expert advisors with strong academic, policy, and sector-based expertise. Commissioners met five times between January and May 2023. The Council has received the report of the Affordable Housing Commission, outlining 27 recommendations to increase the number of genuinely affordable homes across the borough.</p> <p><b>The Local Plan:</b> The Local Plan Part 1 (LP1) 2020-2035 has been adopted, outlining the Council's vision for the inclusive, sustainable growth needed to help the borough thrive up until 2035. Alongside new affordable homes, the Local Plan contains information about the jobs and opportunities that will be created through developments as well as details of how the unique feel of town centres and the borough's local heritage will be protected. Preserving and enhancing the natural environment is another key aim of the Local Plan, so they can be used and enjoyed by the community for years to come. Residents' needs are at the heart of the Local Plan. It combines extensive data and research with the views and opinions of residents, community groups, and local and national organisations. The document is based on evidence of the improvements Waltham Forest residents want and need and is representative of the local community.</p> <p><b>Local Area Frameworks:</b> We are working with residents across the borough to help create neighbourhoods that realise local benefits of potential development and investment, where the environment improves quality of life and that respond to the needs of everyone in the community. This includes new play space and open space improvements, climate adaptation initiatives, health facilities, community spaces and social infrastructure. This is an ambitious and collaborative process to make improvements that are right for different neighbourhoods and bring our Local Plan to life. 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.</p> <p><b>Fellowship Square:</b> The Fellowship Square programme is a once in a lifetime opportunity to create a vibrant, new cultural neighbourhood in the heart of the borough, whilst protecting our cherished historic buildings. It is an exemplar of how the Council is using its assets to create high-quality new community spaces and drive local regeneration and growth. The redevelopment has already paved the way for better public spaces for everyone to enjoy and continues to be recognised nationally, having secured RIBA East London Regional Award 2023 and Civic Trust Awards 2023. Delivery has continued at pace this year, with a sensory garden for people with autism and dementia opening, and the new commemorative garden complete, along with improvements to Chestnuts Field and major progress on the first block of new homes, despite the challenging economic conditions affecting construction and housebuilding. The Council's Development Partner, Countryside Partnerships, are scheduled to open the first new homes at Fellowship Square – prioritised for Waltham Forest residents – in Summer 2024.</p> <p><b>Coronation Square:</b> The Council's largest regeneration project being developed on the site of the existing Score Centre in Leyton, in partnership with Taylor Wimpey. The scheme will create a new neighbourhood in Leyton, including 750 energy-efficient homes, of which 50% are affordable, new commercial facilities around a new public square, and a new District Heating Network with capacity to serve the development and an additional 1,500 new homes close to the site. Following completion of the first residential block in December 2022 (which is now fully occupied), a further 107 new homes were completed in 2023, including 65 new homes for shared ownership.</p>

## Our key achievements 2023/24 (continued)

Immediate priority:	Achievements in the last 12 months:
Tackle the housing crisis head on (continued)	<p>In 2023/24 we delivered:</p> <ul style="list-style-type: none"> <li>• 107 new homes</li> <li>• 42 steel roof trusses to complete the sport and leisure centre roof structure</li> <li>• Nursery and sports and leisure centre internal fitouts commencements.</li> <li>• Market Hall frame</li> <li>• District Heating Network plant</li> </ul> <p><b>Osier Way:</b> In August 2023, the Greater London Authority confirmed the Council had been successful in securing funding from its Refugee Housing Programme to support the acquisition of 117 homes on a new development at Osier Way in Leyton. These homes are for refugees in housing need who arrived in the UK via specified Ukrainian and Afghan resettlement schemes, and forms part of the work the Council is doing as a Borough of Sanctuary. The acquisition completed in November 2023, which included a further 80 homes being sold by the Council on the open market as shared ownership, with priority going to those who live and/or work in Waltham Forest. In January 2024, the first refugee households moved into the new fully furnished one-, two- and three-bedroom homes. So far, 34 refugee households have moved into their new home, with a further 27 households set to move in by the end of April 2024. Any properties not allocated to refugee households will be available for the Council to release as general needs properties for those on the Council's housing waiting list.</p> <p><b>Marlowe Road Regeneration</b> started on site in 2016 in a partnership with Countryside Properties. On completion of the development a total of 589 new homes will have been built, of which 50% will be affordable. Marlowe Road Regeneration is anticipated to be completed by Autumn 2026. To date we have delivered 331 new homes including:</p> <ul style="list-style-type: none"> <li>• 98 for social rent</li> <li>• 47 for shared ownership</li> <li>• 37 privately sold directly by the Council</li> <li>• 149 sold directly by Countryside</li> <li>• Building 1,123 square metres of commercial space including a brand new Co-Op and Post Office</li> <li>• The Wood Street Library</li> <li>• Marlowe Road Energy Centre and District Heat Network</li> <li>• A new plaza</li> <li>• A new children's play area</li> <li>• Landscaping and planting, including trees and a central water feature</li> <li>• Improved public realm</li> </ul> <p><b>Juniper House / Skyline:</b> In October 2023, the Council completed Juniper House, its largest direct delivery project to date, and the first residents moved into their new homes in the Skyline building opposite Walthamstow Central Station. Built by award-winning housebuilder The Hill Group, on behalf of the Council, the new development comprises 91 homes of which 50% are affordable, including three- and four-bedroom properties. The transformation of old vacant Council offices into one of Waltham Forest's flagship developments is part of our aim to build more high-quality homes in the borough and improve the lives of residents. The building is environmentally friendly with its low-carbon heating provided by communal air source heat pumps and solar panels, providing high levels of energy efficiency. Initiatives to improve biodiversity such as bat boxes, a 'brown' roof, and installations to mitigate the risk of flooding through a 'blue' roof and rainwater reduction mean the development will make an important difference to the local environment.</p>

## Our key achievements 2023/24 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Lead the way for a net-zero borough</b></p> <ul style="list-style-type: none"> <li>• A green housing revolution</li> <li>• A place designed for people</li> <li>• Consuming less, recycling more</li> <li>• A more natural, green borough</li> <li>• A collective approach to tackling climate change</li> </ul>	<p><b>Coming together to tackle the Climate Emergency:</b> The Waltham Forest Climate Action Plan (CAP) has been in place since November 2022. It sets out 20 actions across four areas: Energy Efficient Buildings; A Place for People not Cars; Consuming Less, Recycling More; and A Greener, More Resilient Borough. We have made good progress delivering this plan; 14 of the 20 actions are completed or underway.</p> <p>Some of the significant progress made across the CAP includes:</p> <ul style="list-style-type: none"> <li>• Our “Lower Bills, Warmer Homes” programme has now helped 3,000 residents who will save more than £1.5m on their energy bills over the next 5 years. This will save 2,200 tonnes of carbon, equivalent to more than 5,000 flights from London to New York.</li> <li>• Our community-led flood prevention programme has helped 500 residents, which will divert over 70,000 litres of water and reduce risk to residential properties during a heavy rain event.</li> <li>• We launched a 0% interest Energy Upgrade Loan loaning up to £250,000 to eligible residents. This was oversubscribed to help residents save money and the planet.</li> <li>• We launched our own retrofit capacity, through Service Store, who are Trustmark and MCS accredited to help residents make their home more energy efficient and save money and won a contract with another Council to support another London borough with their retrofit programme.</li> <li>• The Council establish a Resident Climate Panel in January 2023. 85 members were selected, with panel membership broadly representative of the borough’s population to ensure that we hear a diverse range of voices. The panel have provided feedback on climate-related topics to inform approaches to projects and emerging policy. For example, informing the naming of projects such as the “Energy upgrade loan”, testing approaches the Council proposed on “Winter Bills” and “Car sharing, not buying” projects. The plan is to continue and expand the residents panel, inviting new members, to increase membership to 100 and continue engaging with the panel regularly in the coming year.</li> </ul> <p><b>Enjoy Waltham Forest programme:</b> 2024 marks the 10 year anniversary of Enjoy Waltham Forest, our pioneering programme to make it safer and easier to walk, wheel, and cycle in our borough. To mark the occasion, there will be even more events and offers taking place across the borough this year for everyday walking and cycling. To celebrate this special anniversary, a two-day event is being organised that will include a comprehensive schedule of site visits and study tours around the borough, plus a full day conference, exhibition, and networking event taking place at the Big Penny Social near Blackhorse Road Station. The event is a celebration of 10 years of Enjoy Waltham Forest and the huge transformation work that has taken place, plus it serves as a toolkit and unique learning experience to find out how it was achieved.</p> <p>Over the last decade, the Enjoy Waltham Forest programme has:</p> <ul style="list-style-type: none"> <li>• Created 55km of dedicated cycle lanes</li> <li>• Trained over 29,000 residents in cycle skills</li> <li>• Installed 11 station Cycle Hubs and 760 Bikehangars</li> <li>• Established 22 School Streets</li> <li>• Given free cycle loans to over 1,300 residents</li> <li>• Created 180 new or improved road crossings</li> </ul>



## Our key achievements 2023/24 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Safe, green neighbourhoods where everyone can thrive</b></p> <ul style="list-style-type: none"> <li>• Enabling every community to be and feel safe</li> <li>• Clean streets, vibrant spaces</li> <li>• Inclusive neighbourhoods shaped by residents</li> <li>• A partnership approach towards connecting communities</li> <li>• A safe and welcoming space for new arrivals</li> </ul>	<p><b>Safe Streets:</b> Between March and September the Council ran the Safe Streets pilot, a resident-focused approach to tackling the problems that really matter to them day-to-day. It saw the Council work with the police and other key agencies (e.g. housing associations, substance misuse providers) to tackle crime and anti-social behaviour in two locations – Chingford Mount and South Leytonstone. There was a particular focus on working with residents to identify their priorities issues and locations. The pilot saw agencies working together to take a problem-solving approach, including targeted enforcement, environmental improvements and provision of support services. The pilot is being evaluated for impact before considering how the learning can be applied more widely.</p> <p><b>Tackling violence:</b> In response to the new Serious Violence Duty, the Council reconvened a range of public and voluntary sector agencies through the Violence Reduction Partnership in order to: finalise a Strategic Needs Assessment which characterised the challenges in the borough; undertook significant resident engagement, including with young people and those with lived experience; and overhauled the borough's action plan to tackle serious violence. The Council continues to work with partners to drive refresh and drive forward implementation of the borough's Violence Against Women and Girls Strategy. This includes provision of refuges and practical and therapeutic support to survivors fleeing domestic abuse; and empowering communities to spot the signs of domestic abuse and to support vulnerable victims. It also includes wider work to tackle violence against women and girls, including prevention work in schools; bystander intervention training; and the Safe Streets app which enables women and girls to easily report issues and to seek support.</p> <p><b>Drug misuse:</b> In February, the Government's Drugs Adviser, Professor Dame Carol Black, visited the borough to launch its strategy to tackle drug-related harm. The comprehensive strategy – which aims to reduce demand for drugs, restrict supply and promote recovery – draws together contributions from the council, police, probation, health partners and our commissioned substance misuse provider, Change Grow Live. The strategy has been highlighted as good practice by HM Government in terms of partnerships and prevention.</p> <p>The council has also worked closely in partnership with the police, housing associations, Change Grow Live and other support services to tackle acute issues with drug-dealing and drug-misuse in Leyton. Partners quickly stood up a Task Force to take targeted enforcement action, to make environmental improvements (including 5 CCTV cameras, improved signage, cutting back foliage to improve line of sight) and outreach by substance misuse workers and to ensure that harm reduction and treatment services were readily accessible. There was also a leaflet drop and extensive publications to ensure residents were aware of how to seek help. This resulted in a significant reduction in issues reported to the police. This approach provides a model which can be used in other neighbourhoods which experience significant issues.</p> <p><b>Borough of Sanctuary:</b> Waltham Forest has successfully become a Borough of Sanctuary for refugees and asylum seekers. The official recognition builds on the borough's long, proud history of welcoming people in need and recognises the Waltham Forest's commitment to supporting and valuing those seeking sanctuary now and in the future. The award recognises the quality of the Council's work to support people seeking sanctuary. It also marks the borough's commitment to go further for migrants, refugees, and asylum seekers of all backgrounds. In December 2023 we launched our Borough of Sanctuary Framework 2023-2026. To identify key priorities for Waltham Forest as a Borough of Sanctuary over the next three years, we brought together the knowledge, expertise, and experiences of a steering group including statutory organisations, the Voluntary and Community Sector and people with lived experience of forced migration, and identified actions across six priorities: Education and skills; Health; Building Communities; Voice; Shaping Services; Bespoke Support.</p> <p><b>Community Living Rooms:</b> The Community Living Rooms Network is a collection of free to access, friendly community spaces across the borough. There are 28 community living rooms, 23 hosted in VCS settings including Churches, social clubs, and community centres and 5 in gyms. These are safe, welcoming, and non-judgemental spaces. Many offer free activities including yoga, arts and crafts such as painting, knitting and ceramics, games, meditation, and walks. Visitors can also enjoy free drinks, snacks, and some provide a free healthy hot meal and hygiene and period products. Since opening, spaces have provided an additional 3,300 hours of provision, welcomed over 16,000 visitors, and served over 6,000 hot meals (feedback received from 14 spaces, so numbers are likely to be higher). Many also provide vital sign posting and outreach support to residents including HSF funded Citizens Advice outreach, HEET energy advice, Lower Bills, Warmer Homes, support for women experiencing domestic abuse, Early Help drops and digital support.</p>

## Our key achievements 2023/24 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Safe, green neighbourhoods where everyone can thrive (continued)</b></p>	<p><b>Culture and Destinations:</b> The Council continues to build on the legacy of becoming the first London Borough of Culture in 2019. Moving into 2023 and onwards, we will focus on continuing to drive benefits for residents and local businesses by unlocking the potential of cultural sites to create destinations, thriving neighbourhoods, supporting the creative economy, and enabling commercial viability for sustainable growth- for individuals, groups and organisations in the arts, culture, and creative sector – aimed at building stronger communities across the borough. We have delivered significant social impact in the last 12 months including 310,000 attendees to destinations and cultural activities across 269 events, a further 5,348 visits by schoolchildren and students to sites, events and learning opportunities, 633 training and skills opportunities for residents and 206 local creative enterprises supported with space to trade and perform locally. The Council has also funded local creative industries and event activities across the borough's Town Centres. We continue to work in partnership with the London Wildlife Trust and Thames Water to welcome half a million visits to the Walthamstow Wetlands, and to develop more focussed programmes, for example supporting those with mental health needs.</p> <p>We are appealing to more local residents and visitors with over 300,000 visits to the William Morris Gallery and more than 147,000 visits to Fellowship Square. The diversity of audiences are more representative of the borough, with 50% and 52% audience respectively from the global majority. Recipients of training and paid work experience placements and Make It Happen Grant funding have all seen an increase in representation of the local area, 50% from the global majority and 65% female led.</p> <p>We are excited to be revitalising Vestry House Museum, as part of the Walthamstow Culture for All programme, funded through Levelling Up funds. The designs for a new museum, supported through co-located creative workspace are being finalised, working closely with local residents and local history groups. A key element of this programme will see the Archives and Local Studies Library relocated to a more accessible space in Chingford Assembly Hall later in 2024.</p> <p><b>Communities and VCS Partnerships:</b> We have delivered a range of priority programmes in partnership with the Voluntary and Community Sector (VCS). Together, we delivered a year-round programme of over community events including Windrush 75, celebrating and commemorating the 75th anniversary of Windrush Day. The events are the result of successful collaborative work and partnerships between the Council, community groups and faith organisations across the borough. We have also delivered innovative projects with community partners to tackle shared challenges and inspire civic participation.</p> <p><b>Volunteering:</b> Volunteering is at the heart of communities in Waltham Forest and reflects the commitment of residents to help one another. The Council brought the volunteering service in house in October 2023, and since then we have secured funding to continue our Community Health Champions programme (£200k); designed a health volunteering vehicle for engaging Romanian residents (£5k); brought our remuneration system under review; restructured our assurance processes, bringing partners, and the brokerage service, into compliance; secured insurance for the service and supported guidance on improving assurance across all teams using volunteers; and we have made the staff volunteering process more accessible and transparent in collaboration with HR.</p> <p><b>Let's Talk Waltham Forest:</b> In Summer 2023, Let's Talk: Waltham Forest engaged with thousands of residents to hear about their top concerns and practical improvements they wanted to see in their neighbourhoods. Let's Talk has created opportunities for residents to find and participate in local discussions, research and consultations that interest them. It has engaged residents with open conversations about the practical improvements they want in their local area. Through engagement at events, online engagement and Councillor-led conversations, we received almost 3,000 of suggestions and ideas from residents and are now implementing improvements in all 22 wards. Council officers have been working with local councillors to investigate which practical improvements are feasible and when these changes can be made. We have recently been awarded the Community Engagement Award from Granicus for Let's Talk: Waltham Forest.</p> <p><b>People Strategy and Delivery Plan:</b> In 2021 Waltham Forest Council published its People Strategy (2021-2025). During 2023 we have progressed with a number of projects to deliver on our vision to become an Employer of Choice. We have had a strong inclusion focus in our work with two flag ship projects, Inclusive Mentoring and Totally Connected.</p>

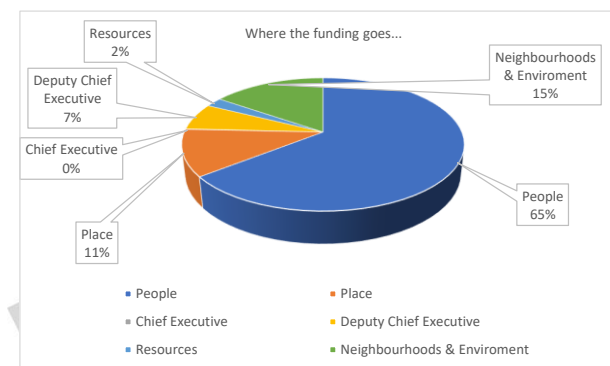
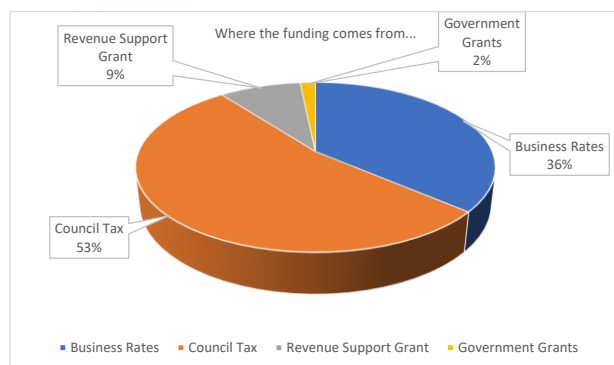
## Our key achievements 2023/24 (continued)

Immediate priority:	Achievements in the last 12 months:
<p><b>Safe, green neighbourhoods where everyone can thrive (continued)</b></p>	<p>We have developed an Inclusive Mentoring programme to create an environment where everyone, regardless of their background, feels valued, respected, and are provided with equal opportunities for growth and development. Work has been undertaken to identify our digitally excluded employees and develop proposals to implement opportunities for them to be digitally enabled through the Totally Connected project. This work was designed with the employee at the heart and included a range of sessions with employees in their workplaces to understand their barriers and challenges within their roles.</p> <p>An increased focus has been placed on career pathways and the support that we are able to offer our employees for their development. Apprenticeship Networks have been established to provide peer support for employees undertaking an apprenticeship at any level. We have co-designed a forward plan for the network to combine informal opportunities with formal development. An operational steering group has been established bringing services together from across the Council to understand how we can improve the apprenticeship offer to meet both employee and organisational needs. In addition the online training offer for all employees has been reviewed to align with the move across to the Oracle online system, increasing the core offer of training which will be rolled out in 2024.</p> <p><b>Equality and Inclusion:</b> Over the last 12 months there has continued to be sustained efforts towards building an inclusive workplace where our workforce reflects the communities we serve, and all colleagues feel confident to be their authentic selves at work. In November, the work was recognised when the Council Forest won the LGC Workforce Award in the category 'Best Equality, Diversity and Inclusion Employer'.</p> <p>The Equalities Board, established in 2023, chaired by the DCE Shazia Hussain, with senior representation from all directorates and staff network chairs, co-designed an Inclusion Action Plan that sets out a roadmap to the Council becoming an Employer of Choice. The Inclusion Action Plan will be implemented as part of the Council's Culture and Workforce Transformation programme. Backed by a robust evidence base, the plan is set out to address Inclusive Leadership and Recruitment, Talent Development, Culture and Behaviours, Policies and Pay Gap's with the aim of attracting and retaining the very best diverse talent, increasing best practice and tackling our Ethnicity and Gender Pay Gap's.</p> <p>Staff Networks continue to receive allocated funding. This supports the delivery of a robust yearly programme of virtual and in-person events. Networks work individually and collaboratively, raising awareness of topics relating to gender, disability, race, sexual orientation and caring responsibilities. Sessions have included fireside conversations with Diversity and Inclusion thought leaders as well as practical varied training on topics such as reasonable adjustments/sexual and gender identity awareness.</p> <p><b>Levelling Up Fund:</b> Overall Waltham Forest has secured £39 million of government funding to projects in Walthamstow, Chingford Mount and Higham's Park and Leyton Underground Station. £8.43 million was awarded for investment in Chingford Mount and Highams Park. The securing of Levelling Up funding for Highams Park and Chingford Mount will see improvements to landscaping, biodiverse planting in public spaces, as well as investment in park buildings, play, sport and leisure equipment in Memorial Park, Rolls Park and Chase Lane Park. The programme also aims to create new green pedestrian links and wayfinding between the two town centres and the parks. Flood mitigation works will be completed by March 2024, followed by a phased public realm and play, sports and leisure works programme to be undertaken between Autumn 2024 and March 2025. In Walthamstow Central, the Council's 'Walthamstow Culture for All' £17.2 million capital investment will unlock Walthamstow's potential as an inclusive, safe and welcoming cultural destination which will see enhancements to its Cultural Spaces and Cultural Hubs over the next two years. This will transform the public realm in the High Street, Hoe Street and St James Street integrating with enhancements to key Cultural Hubs at Vestry House Museum, Hatherley Mews and Chestnuts House. The Council worked with TfL and GLA to secure Levelling Up funding alongside the Council's £9 million commitment from Community Infrastructure Levy contributions that will enable delivery of significant improvements to Leyton Underground Station to provide step-free access and increase capacity. The upgraded station will benefit from a new entrance and ticket hall, located next to the existing station building. A new overbridge and staircases will increase station capacity and safety, and two new lifts will provide step-free access from street to platform level. Preparatory works commenced in October 2023, with construction works due to start in the second half of 2024.</p>

## Financial Performance

The General Fund working balance has remained unchanged at £14.9m and is equivalent to 6% 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 2023/24 is set out below.



Actual expenditure in 2023/24 was managed to within the overall budget. **Page 34** of the Statement of Accounts sets out net revenue costs by service area in 2023/24, and the Expenditure and Funding Analysis in **Note 8** provides further details of the Council's income and expenditure.

## Capital Expenditure

The approved budget for the 2023/24 was £144.8 million and actual spend against this was £176.5 million (excluding the appropriation from the GF to the HRA £32.7 million). The programme includes investment into schools, highways and streetlighting, property, area regeneration, the delivery of new and affordable homes, investment into our response to the Climate Emergency and investment into council-owned homes via the HRA.

Included in the in-year expenditure is the acquisition of 9 Osier Way, at a total cost of £56.4m. This was a one-off strategic acquisition of affordable homes as part of the Council's Refugee Housing Programme, agreed by Cabinet in November 2023. Excluding this acquisition, the total expenditure was £120.1 million and an underspend of £24.7 million.

Capital Expenditure Summary by Directorate	2023/24 Expenditure £m
Stronger Communities	7.0
Neighbourhoods and Environment	9.0
Place (non-HRA)	57.0
Housing Revenue Account	135.4
Schools Programme	0.6
<b>Sub-total Capital Programme</b>	<b>209.0</b>
<i>Adjustment - Sales from GF to HRA</i>	<i>(32.7)</i>
<b>Sub-total Capital Programme</b>	<b>176.5</b>
<i>Acquisition of 9 Osier Way</i>	<i>(56.4)</i>
<b>Net Capital Programme</b>	<b>120.1</b>

Capital Financing Summary	2023/24 Financing £m
Capital Receipts	55.8
Major Repairs Reserve	12.9
Capital Grants, Contributions and Reserves	49.2
Direct Revenue Financing	1.1
Prudential Borrowing	78
Self-Finance via Future Disposal	12
<b>Total Capital Programme</b>	<b>209.0</b>

## Revenue Expenditure

A summary of the outturn of the General Fund for 2023/24 at Directorate level is set out below. The 2023/24 actual figures are compared with the revised budget.

	A	B	B-A
	Final Budget 2023/24	Actual Spend 2023/24	Variance from budget 2023/24
	£'000	£'000	£'000
Chief Executive	229	229	-
Deputy Chief Executive	15,739	16,240	501
Resources	11,291	10,806	(485)
People	143,329	160,131	16,802
Place	26,928	28,097	1,169
Neighbourhoods and Environment	37,923	38,300	377
<b>Directorate Service Total</b>	<b>235,441</b>	<b>253,803</b>	<b>18,364</b>
Corporate Budgets	43,986	28,570	(15,416)
<b>Total Expenditure</b>	<b>279,427</b>	<b>282,373</b>	<b>2,948</b>
<b>Contribution to/(From Earmarked Reserves)</b>	<b>(34,437)</b>	<b>(33,762)</b>	<b>675</b>
<b>Resources</b>			
Council Tax Income	(129,909)	(129,909)	-
NNDR Local Share	(36,674)	(40,296)	(3,622)
NNDR Top Up Grant	(49,863)	(49,863)	-
Collection Fund Surplus	(2,689)	(2,689)	-
Revenue Support Grant	(21,772)	(21,772)	-
New Homes Bonus Grant	(1,243)	(1,243)	-
Other Government Grants	(2,837)	(2,837)	-
<b>Total Resources</b>	<b>(244,987)</b>	<b>(248,609)</b>	<b>(3,622)</b>
<b>Net Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>

The final outturn position is a net nil variance after making a transfer of £0.641 million to the Budget Strategy Reserve. There was however, an overspend of £18.363 million against Service Directorates budgets, this was mostly in relation to Adults and Children's Social Care and SEND services. The service overspend was offset by underspends against corporate expenditure budgets.

The final outturn position for Adults Social Care(ASC) is an overspend of 8.553 million, which predominantly relates related to ASC Care Placements / Packages across all adults' cohorts, both 18 to 64 and 65 plus. There has continued to be significant pressure on adult's placement's needs, volume, and costs, including inflation rises. Children's Social Care is overspent by £4.793 million. The main areas of overspend include Alternative Home costs (2.592m) and Section 17 costs (1.433m).The Special Educational Needs and Disability Service overspent by £3.982 million, the main variances were in relation to assistance to travel (£2m) and preparing for Adulthood (£1.4m). Key income streams were also hit hard with Selective Licensing under achieving its income target by £1.1m and income from commercial property also hit hard due to current market conditions and more specifically the collapse of Empire Cinema (0.7m).

Within Corporate Expenditure, there was an underspend of £15.417 million. This is predominantly due to an underspend of £12.650 million on the contingency budget and additional income relating to interest, a pensions prepayment and a rebate from TFL in relation to concessionary fares due to reduced passenger numbers. Within the Grants and Taxation income there was an underspend of £3.622 million in relation to Business Rates Income outweigh the total of safety net payments in relation to the Business rates retention system.

## Balance Sheet

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

2022/23		2023/24
£'m		£'m
2,262	Property plant and equipment	2,174
102	Infrastructure assets	103
57	Heritage assets	57
8	Investment property	8
30	Other long and short term assets	28
39	Long and short term investments	43
125	Debtors	135
25	Cash and Cash equivalents	23
<b>2,648</b>	<b>TOTAL ASSETS</b>	<b>2,571</b>
(415)	Long and short term borrowing	(461)
(123)	Creditors and receipts in advance	(173)
(12)	Provisions	(11)
(386)	Pension Fund liabilities	(346)
(46)	Other long term liabilities	(36)
<b>(982)</b>	<b>TOTAL LIABILITIES</b>	<b>(1,027)</b>
<b>1,666</b>	<b>NET ASSETS</b>	<b>1,544</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 2023/24. 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 2024 total unusable reserves were £1,364m (£1,504m at 31/03/2023), see **Note 30** for further details.

Useable reserves on the other hand totalled £180m (£161m at 31/3/2023). 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 2023/24 the balance in the Fund relating to Non-Domestic Rates reduced by £1.353m, giving a year end surplus of £1.402m. In respect of Council Tax there was an in-year deficit of £3.465m, decreasing the overall surplus to £0.227m. The collection fund accounts can be found on page 119.

The collection rate for Non-Domestic (Business) Rates was 93.5% and the collection rate for Council Tax was 95.2%.

## 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 2023/24, 27 homes were sold under the Right to Buy scheme, 80 new build homes were created, 16 additional purchases including buy backs for temporary accommodation and shared ownership resulting in a total of 10,285 dwellings (10,019 as at 31 March 2023). The working balance on the Housing Revenue Account has increased from £6m to £5.5m 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 2023/24.

The Fund held investment assets valued at £924.5m at 31 March 2024. (£866.9m at 31 March 2023). 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 c.299 homes as part of Phase 1 programme however, the company is now being wound down so no further activity expected.
- 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 going forward 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 which still need to feed through
- 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 11th July 2024. All known material events that have occurred up to and including this date which relate to 2023/24 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 2024. As the external audit of the accounts for the years 2020/21, 2021/22 and 2022/23 have not been concluded, there is risk of potential amendments to the opening balances for the 2023/24 accounts. Therefore, for 2023/24, 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 2023/24

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 2023/24 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.

2022/23 Restated				2023/24			Note
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
257	-	257	Chief Executive	490	-	490	
44,324	(7,431)	36,893	Deputy Chief Executive	43,165	(8,559)	34,606	
460,996	(312,050)	148,946	People	505,971	(345,044)	160,927	
80,423	(60,653)	19,770	Place	108,478	(69,507)	38,971	
136,976	(119,013)	17,963	Resources	131,746	(116,238)	15,508	
29,662	(1,518)	28,144	Corporate Expenditure	19,392	(24,525)	(5,133)	
82,796	(47,644)	35,152	Neighbourhoods and Environment	83,833	(49,655)	34,178	
107,903	(64,912)	42,991	Housing Revenue Account	221,087	(73,710)	147,377	
<b>943,337</b>	<b>(613,221)</b>	<b>330,116</b>	<b>Cost of Services</b>	<b>1,114,162</b>	<b>(687,238)</b>	<b>426,924</b>	
		5,499	Other operating expenditure			(969)	5
		37,646	Financing and investment income and expenditure			29,816	6
		(270,077)	Taxation and non-specific grant income and expenditure			(291,491)	7
<b>943,337</b>	<b>(613,221)</b>	<b>103,184</b>	<b>(Surplus)/deficit on provision of services</b>	<b>1,114,162</b>	<b>(687,238)</b>	<b>164,280</b>	
		1,761	(Surplus) or deficit on financial assets measured at FVOCI			(1,672)	30d
		(84,308)	(Surplus) or deficit on revaluation of property, plant and equipment assets			2,924	30a
		(442,799)	Remeasurement of the net defined benefit liability			(44,762)	30e, 31
		<b>(525,346)</b>	<b>Other Comprehensive income and expenditure</b>			<b>(43,510)</b>	
		<b>(422,162)</b>	<b>Total Comprehensive income and expenditure</b>			<b>120,770</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 2022</b>	<b>(14,906)</b>	<b>(122,092)</b>	<b>(5,479)</b>	<b>(17,555)</b>	<b>(2,349)</b>	<b>(162,381)</b>	<b>(1,080,067)</b>	<b>(1,242,448)</b>	
<b>Movement in reserves during 2022/23</b>									
(Surplus)/deficit on provision of services RESTATED	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 RESTATED	(31,814)	-	(57,987)	(17,073)	5,056	(101,818)	101,818	-	14
<b>Increase or (decrease) before transfers to earmarked reserves</b>	<b>14,762</b>	<b>-</b>	<b>(1,379)</b>	<b>(17,073)</b>	<b>5,056</b>	<b>1,366</b>	<b>(423,528)</b>	<b>(422,162)</b>	
Transfer to/(from) - earmarked reserves	(14,762)	18,348	858	1,904	(6,404)	-	-	-	15
<b>Balance at 31 Mar 2023</b>	<b>(14,906)</b>	<b>(103,744)</b>	<b>(6,000)</b>	<b>(32,724)</b>	<b>(3,697)</b>	<b>(161,015)</b>	<b>(1,503,595)</b>	<b>(1,664,610)</b>	
<b>Movement in reserves during 2023/24</b>									
(Surplus)/deficit on provision of services	39,142	-	125,137	-	-	164,279	-	164,279	
Other Comprehensive income and expenditure	-	-	-	-	-	-	(43,510)	(43,510)	
<b>Total Comprehensive Income and Expenditure</b>	<b>39,142</b>	<b>-</b>	<b>125,137</b>	<b>-</b>	<b>-</b>	<b>164,279</b>	<b>(43,510)</b>	<b>120,769</b>	
Adjustments from income and expenditure charged under the accounting basis to the funding basis	(29,048)	-	(124,206)	7,618	2,654	(142,982)	142,982	-	14
<b>Increase or (decrease) before transfers to earmarked reserves</b>	<b>10,094</b>	<b>-</b>	<b>931</b>	<b>7,618</b>	<b>2,654</b>	<b>21,297</b>	<b>99,472</b>	<b>120,769</b>	
Transfer to/(from) - earmarked reserves	(10,094)	10,545	(448)	-	-	-	-	-	15
<b>Balance at 31 Mar 2024</b>	<b>(14,906)</b>	<b>(93,199)</b>	<b>(5,517)</b>	<b>(25,106)</b>	<b>(1,043)</b>	<b>(139,718)</b>	<b>(1,404,123)</b>	<b>(1,543,841)</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.

2022/23 Restated		2023/24	
31-March-2023		31-March-2024	
£'000		£'000	Note
2,261,658	Property, Plant and Equipment	2,174,403	16
102,113	Infrastructure Assets	103,192	
56,845	Heritage Assets	56,845	18
8,330	Investment Property	7,637	19
1,380	Intangible Assets	12,895	
1,400	Long-term Investments	1,400	21
32,523	Long-term Debtors	21,290	27
<b>2,464,249</b>	<b>Total Long-term Assets</b>	<b>2,377,662</b>	
37,555	Short Term Investments	41,383	21
28,936	Assets Held for Sale	15,151	
60	Inventories	89	
92,097	Short term debtors	114,067	27
24,702	Cash and Cash Equivalents	23,101	20
<b>183,350</b>	<b>Current Assets</b>	<b>193,791</b>	
(52,528)	Short-term Borrowing	(113,155)	21
(105,073)	Short-term Creditors	(127,863)	28
(5,729)	Short-term Provisions	(5,205)	29
(14,602)	Grants Receipts in Advance – Capital	(41,867)	
(3,500)	Grants Receipts in Advance – Revenue	(3,642)	13
<b>(181,432)</b>	<b>Current Liabilities</b>	<b>(291,732)</b>	
(6,226)	Long-term Provisions	(5,731)	29
(362,914)	Long-term Borrowing	(347,854)	21
(386,316)	Pension Liability	(346,198)	31
(2,732)	Financial Liability (accumulated losses in companies)	(1,061)	
(3,900)	Finance lease liability	(3,899)	24
(28,040)	PFI Creditors	(21,825)	25
(11,057)	S106 Liabilities	(9,313)	
<b>(801,185)</b>	<b>Long-term Liabilities</b>	<b>(735,881)</b>	
<b>1,664,982</b>	<b>Net Assets</b>	<b>1,543,840</b>	
(161,387)	Usable Reserves	(139,717)	
(1,503,595)	Unusable Reserves	(1,404,123)	30
<b>(1,664,982)</b>	<b>Total Reserves</b>	<b>(1,543,840)</b>	

I certify that the statement of accounts gives a true and fair view of the financial position of the authority as at 31st March 2024 and its income and expenditure for the year ended 31st March 2024.



Rob Manning ACMA  
Strategic Director of Resources (S151)

## 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.

2022/23		2023/24	
£'000		£'000	Note
(103,184)	Net surplus or (deficit) on the provision of services	(164,280)	
162,485	Adjustment to surplus or (deficit) on the provision of services for non-cash movements	264,879	32
(62,873)	Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	2,110	32
<b>(3,572)</b>	<b>Net cash flows from operating activities</b>	<b>102,709</b>	
(54,831)	Investing Activities	(143,663)	33
27,127	Financing Activities	39,352	34
<b>(31,276)</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>(1,602)</b>	
55,978	Cash and cash equivalents at the beginning of the reporting period	24,702	
<b>24,702</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>23,101</b>	20



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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 2023/24 financial year and its position at the year-end of 31 March 2024. 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 2023/24, 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 2024.

For non-PWLB loans the fair value is deemed to be the standard new loan rate also published by the PWLB on 31 March 2024.

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 Code where disclosures are required in the 2023/24 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 (the council is expecting to implement IFRS 16 in 2024/25).

None of the above changes are expected to have a material impact on the 2023/24 accounts.

### **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 £2,364m 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 £23.6m 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 2024, the Council had a balance of sundry debtors of £9.4m. The 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**

2022/23		2023/24
£'000		£'000
9,911	Levies	9,294
(1,310)	Payments to the Government housing capital receipts pool	-
880	Pension administration expenses	1,399
(3,982)	(Gains)/losses on the disposal of non-current assets	(11,662)
<b>5,499</b>	<b>Total</b>	<b>(969)</b>

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

2022/23		2023/24
£'000		£'000
19,078	Interest payable and similar charges	13,248
21,490	Net interest on the net defined benefit liability (asset)	17,642
(4,795)	Interest receivable and similar income	(4,854)
1,400	(Income) and expenditure relating to investment properties and changes in their fair value	3,780
473	Changes in fair value of investment properties	-
<b>37,646</b>	<b>Total</b>	<b>29,816</b>



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

2022/23		2023/24	
£'000		£'000	
(123,143)	Council tax income		(132,843)
(81,937)	Non-domestic rates income and expenditure		(86,757)
(19,491)	Revenue support grant		(21,772)
(7,761)	Non-ringfenced government grants		(4,081)
(37,745)	Capital grant and contributions		(46,037)
<b>(270,077)</b>	<b>Total</b>		<b>(291,490)</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.

2022/23				2023/24		
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
295	15	310	Chief Executive	490	(49)	441
40,782	(385)	40,397	Deputy Chief Executive	34,606	(2,895)	31,711
162,737	1,978	164,715	People	160,927	(17,719)	143,208
59,654	(22,531)	37,123	Place	38,971	(2,317)	36,654
20,404	(891)	19,513	Resources	15,508	(1,907)	13,601
3,498	(267)	3,231	Corporate Expenditure	(5,133)	(38)	(5,171)
			Neighbourhoods and Environment	34,178	(1,541)	32,637
43,035	(65,155)	(22,120)	Housing Revenue Account	147,377	(124,206)	23,171
<b>330,405</b>	<b>(87,236)</b>	<b>243,169</b>	<b>Net Cost of Services</b>	<b>426,924</b>	<b>(150,672)</b>	<b>276,252</b>
(227,221)	(2,564)	(229,785)	Other Income and Expenditure	(262,643)	(2,581)	(265,224)
<b>103,184</b>	<b>(89,800)</b>	<b>13,384</b>	<b>(Surplus)/Deficit</b>	<b>164,281</b>	<b>(153,253)</b>	<b>11,028</b>
		(142,475)	Opening General Fund and HRA Balance			(124,647)
		4,444	Transfer to/(from) - earmarked reserves			-
		<b>(124,647)</b>	<b>Closing General Fund and HRA Balance*</b>			<b>(113,619)</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)

2022/23					2023/24			
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
63	(47)	(1)	15	Chief Executive	(41)	(8)	-	(49)
6,344	(6,489)	(240)	(385)	Deputy Chief Executive	(2,414)	(466)	(15)	(2,895)
27,662	(25,893)	209	1,978	People	(14,774)	(2,855)	(90)	(17,719)
(13,163)	(9,492)	125	(22,530)	Place	(1,932)	(373)	(12)	(2,317)
2,320	(3,247)	36	(891)	Resources	(1,590)	(307)	(10)	(1,907)
656	(923)	-	(267)	Corporate Expenditure	(32)	(6)	-	(38)
				Neighbourhoods and Environment	(1,285)	(248)	(8)	(1,541)
(62,161)	(2,943)	(52)	(65,156)	Housing Revenue Account	(123,734)	(379)	(93)	(124,206)
<b>(38,279)</b>	<b>(49,034)</b>	<b>77</b>	<b>(87,236)</b>	<b>Net Cost of Services</b>	<b>(145,802)</b>	<b>(4,642)</b>	<b>(228)</b>	<b>(150,672)</b>
(8,646)	-	6,081	(2,565)	Other income and expenditure from the Funding Analysis			(2,581)	(2,581)
<b>(46,925)</b>	<b>(49,034)</b>	<b>6,158</b>	<b>(89,801)</b>	<b>Difference between (Surplus)/Deficit and the CIES Statement (Surplus)/Deficit on Provision of Services</b>	<b>(145,802)</b>	<b>(4,642)</b>	<b>(2,809)</b>	<b>(153,253)</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

2022/23		2023/24
£'000		£'000
	<b>Expenditure</b>	
296,473	Employee Benefit Expenses	299,602
590,408	Other Service Expenses	602,512
73,170	Depreciation, Amortisation, Impairment	217,228
40,568	Interest Payments	30,890
9,911	Precepts and Levies	9,294
(1,310)	Payments to the Housing Capital Receipts Pool	-
-	Losses on Disposals	35,601
<b>1,009,220</b>	<b>Total expenditure</b>	<b>1,195,127</b>
	<b>Income</b>	
(209,553)	Fees, charges and other service income	(253,565)
(4,795)	Interest and investment income	(4,854)
(205,080)	Income from council tax, non-domestic rates	(219,600)
(482,625)	Government grants and contributions	(505,565)
(3,983)	Gains on Disposals	(47,263)
<b>(906,037)</b>	<b>Total income</b>	<b>(1,030,847)</b>
<b>103,184</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>164,280</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 2023/24 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.

2022/23			2023/24	
BCF	iBCF		BCF	iBCF
£'000	£'000		£'000	£'000
		<b>Funding from:</b>		
(2,425)	(9,486)	L B Waltham Forest	(2,426)	(9,486)
(21,521)	-	Waltham Forest CCG	(22,739)	-
<b>(23,946)</b>	<b>(9,486)</b>		<b>(25,165)</b>	<b>(9,486)</b>
		<b>Expenditure</b>		
2,425	9,486	L B Waltham Forest	2,426	9,486
21,521	-	Waltham Forest CCG	22,739	-
<b>23,946</b>	<b>9,486</b>		<b>25,165</b>	<b>9,486</b>

**Note 10: Members' Allowances**

The Council paid allowances to its members in 2023/24 of £1.429 million (£1.369 million in 2022/23). 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	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0 - £20,000	14	10	31	6	45	16	238	92
£20,001 - £40,000	-	-	1	-	1	-	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>14</b>	<b>10</b>	<b>34</b>	<b>6</b>	<b>48</b>	<b>16</b>	<b>375</b>	<b>92</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:

2023/24	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 - Linzi Roberts-Egan	147,726	-	147,726	24,458	172,184	1
Chief Executive - Martin Esom	178,929	-	178,929	-	178,929	2
Deputy Chief Executive	183,117	-	183,117	27,833	210,950	
Strategic Director of Resources	158,508	-	158,508	24,093	182,601	3
Strategic Director of Place	171,211	-	171,211	28,592	199,803	
Strategic Director of Neighbourhoods and Environment	155,191	-	155,191	25,917	181,108	
Strategic Director of People	148,000	-	148,000	28,436	176,436	4
Director of Adult Social Care	-	-	-	-	-	5
Director of Children Social Care	-	-	-	-	-	6
Director of Governance & Law	133,681	-	133,681	20,319	154,000	
Director of Public Health	126,862	-	126,862	19,283	146,145	7

Note 1: Linzi Roberts-Egan joined the council in August 2023, replacing previous postholder, Martin Esom.

Note 2: Martin Esom left the council in July 2023, and was replaced by Linzi Roberts-Egan.

Note 3: The Strategic Director of Finance and Governance post is now Strategic Director of Resources

Note 4: The postholder for Strategic Director of People departed the council in May 2023, after which the post was split into two; Director of Adult Social Care and Director of Children Social Care.

Note 5: The post has been vacant for 2023-24 and currently filled by interim staff.

Note 6: The post has been vacant for 2023-24 and currently filled by interim staff.

Note 7: 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.

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	1
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	2
			-		-	

Note 1: The Deputy Chief Executive joined the council in September 2022.

Note 2: 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	2022/23			2023/24		
	Number of employees			Number of employees		
	Schools	Non Schools	Total	Schools	Non Schools	Total
£50,000 - £54,999	48	138	186	185	223	408
£55,000 - £59,999	46	88	134	43	175	218
£60,000 - £64,999	38	68	106	24	24	48
£65,000 - £69,999	31	40	71	32	67	99
£70,000 - £74,999	27	38	65	28	41	69
£75,000 - £79,999	21	18	39	21	28	49
£80,000 - £84,999	10	6	16	17	18	35
£85,000 - £89,999	10	11	21	13	15	28
£90,000 - £94,999	4	10	14	6	10	16
£95,000 - £99,999	6	8	14	7	15	22
£100,000 - £104,999	4	8	12	6	5	11
£105,000 - £109,999	4	4	8	3	4	7
£110,000 - £114,999	2	2	4	-	6	6
£115,000 - £119,999	1	5	6	3	1	4
£120,000 - £124,999	-	4	4	3	2	5
£125,000 - £129,999	1	3	4	-	6	6
£130,000 - £134,999	-	3	3	1	7	8
<b>Total</b>	<b>253</b>	<b>454</b>	<b>707</b>	<b>392</b>	<b>647</b>	<b>1,039</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 2023/24 are KPMG LLP (EY LLP in 2022/23). 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:

2022/23		2023/24
£'000		£'000
151	Fees payable in relation to the audit of the Statement of Accounts *	381
59	Fees payable in relation to certification of grant claims and returns	25
<b>210</b>		<b>406</b>

\* The audit work for 2020-21 and 2021-22 has 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 Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the school's budget, as defined in the School and Early Years Finance (England) Regulations 2022. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the individual school's budget (ISB), which is divided into a budget share for each maintained school.

Details of the Schools Budget funded by DSG receivable for 2023/24 are as follows:

2022/23			Schools budget funded by Dedicated Schools Grant	2023/24		
Central expenditure	Individual Schools budget (ISB)	Total		Central expenditure	Individual Schools budget (ISB)	Total
£'000	£'000	£'000		£'000	£'000	£'000
		294,396	Final DSG before Academy and high needs recoupment			311,217
		(115,146)	Academy and high needs figure recouped			(121,511)
		<b>179,250</b>	<b>Total DSG after academy and high needs recoupment</b>			<b>189,706</b>
		-	Brought forward DSG			425
		-	Less carry forward agreed in advance			-
<b>5,490</b>	<b>173,760</b>	<b>179,250</b>	<b>Agreed Initial budgeted distribution</b>	<b>44,824</b>	<b>145,307</b>	<b>190,131</b>
	394	394	In year adjustments		89	89
<b>5,490</b>	<b>174,154</b>	<b>179,644</b>	<b>Final Budgeted Distribution</b>	<b>44,824</b>	<b>145,396</b>	<b>190,220</b>
(5,378)		(5,378)	less Actual central expenditure	(42,986)	-	(42,986)
-	(173,843)	(173,843)	less Actual ISB deployed to schools	-	(145,396)	(145,396)
<b>112</b>	<b>311</b>	<b>423</b>	<b>In year Carry Forward to 2024/25</b>	<b>1,838</b>	-	<b>1,838</b>
-	-	-	DSG unusable reserve at the end of 2022/23			
		-	Addition to DSG unusable reserve at the end of 2023/24			-
		(2,764)	Total of DSG unusable reserve at the end of 2023/24			(2,764)
		<b>(2,341)</b>	<b>Net DSG position at the end of 2023/24</b>			<b>(926)</b>



## Note 13: Grant Income

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

2022/23		2023/24
£'000		£'000
	<b>Credited to Taxation and non-specific grant income</b>	
(19,491)	Revenue Support Grant	(21,772)
(2,250)	New Homes Bonus Grant	(1,243)
(5,511)	Other General Government Grants	(2,837)
<b>(27,252)</b>	<b>Total of Non-ringfenced government grants</b>	<b>(25,852)</b>
	<b>Capital grant and contributions</b>	
-	Basic Need (DfE)	(1,530)
(1,593)	Transport for London (TfL)	(2,657)
(2,787)	Capital Maintenance (DfE)	(2,149)
(6,980)	Local Community Infrastructure Levy Income	(2,145)
(3,577)	Other grants (government)	(6,930)
(7,779)	Other grants (non-government)	(6,261)
(9,514)	Other capital contributions	(24,366)
<b>(32,230)</b>	<b>Total Capital grant and contributions</b>	<b>(46,038)</b>
	<b>Credited to services</b>	
(67,197)	Rent Allowance: subsidy (DWP)	(65,433)
(10,477)	Rent rebates outside HRA: subsidy (DWP)	(8,691)
(19,411)	Rent rebates granted to HRA tenants: subsidy (DWP)	(20,668)
(1,242)	Housing Benefit and Council Tax Benefit admin grant (DWP)	(891)
(90)	Further education funding 19+ (SFA)	(55)
(2,835)	Sixth Form Funding (DfE)	(1,963)
(8,407)	PFI special grant (DfE)	(8,407)
(180,025)	Dedicated Schools Grant (DfE)	(189,786)
(6,929)	Pupil Premium grant (DfE)	(7,129)
(6,027)	Flexible Homelessness Support Grant (MHCLG)	(7,044)
(10,748)	Adult Social Care Support Grant (MHCLG)	(11,610)
(9,486)	Improved Better care grant	(9,486)
(17,002)	Public Health Grant (DH)	(17,556)
(579)	Covid-19 revenue grants (government)	(768)
(20,822)	Other revenue grants (government)	(31,030)
(56,352)	Other revenue grants and contributions	(53,157)
<b>(417,629)</b>	<b>Total of Government Grant credited to Net Cost of Services</b>	<b>(433,674)</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, they are held on the Balance Sheet under Current Liabilities. The balances as at 31 March 2024 are as follows:

2022/23		2023/24
£'000		£'000
(14,602)	Capital grants receipts in advance	(41,867)
(3,500)	Revenue grants receipts in advance	(3,642)

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## 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.

2023/24	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)	(4,265)	(379)	-	-	-	4,644
Financial instruments (transferred to the Financial Instruments Adjustments Account)	579	-	-	-	-	(579)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	(3,160)	-	-	-	-	3,160
Holiday pay (transferred to the Accumulated Absences Reserve)	(134)	(93)	-	-	-	227
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):	(67,009)	(151,852)	-	-	(46,489)	265,350
Movement on DSG Adjustment Account	-	-	-	-	-	-
<b>Adjustments between Revenue and Capital Resources:</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	35,865	12,283	(48,148)	-	-	-
Deferred sale proceeds credited as part of the gain loss on disposal to Deferred Capital Receipts Reserve	375	-	-	-	-	(375)
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	-	12,900	-	(12,900)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	7,537	-	-	-	-	(7,537)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,165	-	-	-	-	(1,165)
Other adjustments	-	2,935	-	-	-	(2,935)
<b>Adjustments to Capital Resources:</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	55,767	-	-	(55,767)
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	12,900	-	(12,900)
Application of capital grants to finance capital expenditure	-	-	-	-	49,143	(49,143)
Cash payments in relation to deferred capital receipts	-	-	-	-	-	-
<b>Total Adjustments</b>	<b>(29,047)</b>	<b>(124,206)</b>	<b>7,619</b>	<b>-</b>	<b>2,654</b>	<b>142,982</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.

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 15: Earmarked Reserves

Movement in Earmarked reserves	01 April 2022	Transfers Out	Transfers In	Balance at 31 March 2023	Transfers Out	Transfers In	Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corporate / Cross cutting	(47,928)	11,051	(5,303)	(42,180)	11,947	(1,408)	(31,641)
Budget Strategy Reserve	(16,791)	12,721	(11,069)	(15,139)	-	(10,523)	(25,662)
<b>Total Corporate reserves</b>	<b>(64,719)</b>	<b>23,772</b>	<b>(16,372)</b>	<b>(57,319)</b>	<b>11,947</b>	<b>(11,931)</b>	<b>(57,303)</b>
Service Reserves	(13,609)	12,450	(11,934)	(13,093)	5,599	(263)	(7,757)
<b>General Fund earmarked reserves</b>	<b>(78,328)</b>	<b>36,222</b>	<b>(28,306)</b>	<b>(70,412)</b>	<b>17,546</b>	<b>(12,194)</b>	<b>(65,060)</b>
Grant related reserves (General Fund)	(23,042)	28,072	(27,257)	(22,227)	5,763	(995)	(17,459)
Schools reserves	(16,515)	13,628	(6,937)	(9,824)	5,737	(5,416)	(9,503)
HRA earmarked reserves	(3,623)	17,449	(15,478)	(1,652)	-	475	(1,177)
<b>Total Earmarked reserves</b>	<b>(121,508)</b>	<b>95,371</b>	<b>(77,978)</b>	<b>(104,115)</b>	<b>29,046</b>	<b>(18,130)</b>	<b>(93,199)</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 2024

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 2023/24	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 2023</b>	<b>976,645</b>	<b>1,132,659</b>	<b>17,787</b>	<b>26,539</b>	<b>12,178</b>	<b>131,309</b>	<b>2,297,117</b>
Additions	91,517	13,795	772	34	348	56,976	163,442
Depreciation written out to gross amount on revaluation	(12,610)	(15,637)	-	-	(181)	-	(28,428)
Revaluation increases/(decreases) recognised in the revaluation reserve	(14,809)	5,362	-	-	6,523	-	(2,924)
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(156,393)	(9,975)	-	-	(10,834)	-	(177,202)
Assets reclassified (to)/from Held for Sale and Investment Properties	6,571	(2,806)	-	-	(23,758)	-	(19,993)
Derecognition – disposals	(6,099)	(2,206)	-	-	-	(256)	(8,561)
Other transfers/movements	43,629	3,939	-	-	27,201	(86,963)	(12,194)
<b>At 31 March 2024</b>	<b>928,451</b>	<b>1,125,131</b>	<b>18,559</b>	<b>26,573</b>	<b>11,477</b>	<b>101,066</b>	<b>2,211,257</b>
<b>Accumulated depreciation and impairment</b>							
<b>At 1 April 2023</b>	<b>-</b>	<b>(25,758)</b>	<b>(9,032)</b>	<b>(85)</b>	<b>(161)</b>	<b>(306)</b>	<b>(35,342)</b>
Depreciation charge	(12,432)	(16,285)	(1,293)	-	(277)	-	(30,287)
Depreciation written out to the revaluation reserve	12,610	15,637	-	-	181	-	28,428
Depreciation written out to the surplus/(deficit) on the provision of services							-
Derecognition – disposal	94	168	-	-	-	-	262
Other transfers/movements	(272)	61	-	-	-	295	84
<b>At 31 March 2024</b>	<b>-</b>	<b>(26,177)</b>	<b>(10,325)</b>	<b>(85)</b>	<b>(257)</b>	<b>(11)</b>	<b>(36,855)</b>
<b>Net book value at 31 March 2023</b>	<b>976,645</b>	<b>1,106,901</b>	<b>8,755</b>	<b>26,454</b>	<b>12,017</b>	<b>131,003</b>	<b>2,261,775</b>
<b>Net book value at 31 March 2024</b>	<b>928,451</b>	<b>1,098,954</b>	<b>8,234</b>	<b>26,488</b>	<b>11,220</b>	<b>101,055</b>	<b>2,174,402</b>

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

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

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>925,808</b>	<b>1,146,097</b>	<b>16,811</b>	<b>26,539</b>	<b>10,930</b>	<b>167,554</b>	<b>2,293,739</b>
Additions	20,885	11,527	976	-	1,220	69,017	103,625
Depreciation written out to gross amount on revaluation*	(11,760)	(15,943)	-	-	(126)	-	(27,829)
Revaluation increases/(decreases) recognised in the revaluation reserve	20,268	(278)	-	-	154	-	20,144
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(17,866)	(3,042)	-	-	-	(4,284)	(25,192)
Derecognition – disposals	(15,010)	(5,658)	-	-	-	(44,572)	(65,240)
Other transfers/movements	54,320	(44)	-	-	-	(56,406)	(2,130)
<b>At 31 March 2023</b>	<b>976,645</b>	<b>1,132,659</b>	<b>17,787</b>	<b>26,539</b>	<b>12,178</b>	<b>131,309</b>	<b>2,297,117</b>
<b>Accumulated depreciation and impairment</b>							
<b>At 1 April 2022</b>	-	<b>(25,642)</b>	<b>(7,630)</b>	<b>(85)</b>	<b>(84)</b>	<b>(362)</b>	<b>(33,803)</b>
Depreciation charge	(11,950)	(17,180)	(1,402)	-	(203)	-	(30,735)
Depreciation written out to the revaluation reserve	11,760	15,943	-	-	126	-	27,829
Depreciation written out to the surplus/(deficit) on the provision of services	-	-	-	-	-	-	-
Derecognition – disposal	190	863	-	-	-	-	1,053
Other transfers/movements	-	258	-	-	-	56	314
<b>At 31 March 2023</b>	-	<b>(25,758)</b>	<b>(9,032)</b>	<b>(85)</b>	<b>(161)</b>	<b>(306)</b>	<b>(35,342)</b>
<b>Net book value at 31 March 2022</b>	<b>925,808</b>	<b>1,120,455</b>	<b>9,181</b>	<b>26,454</b>	<b>10,846</b>	<b>167,192</b>	<b>2,259,936</b>
<b>Net book value at 31 March 2023</b>	<b>976,645</b>	<b>1,106,901</b>	<b>8,755</b>	<b>26,454</b>	<b>12,017</b>	<b>131,003</b>	<b>2,261,775</b>

\*The above table has been restated to separately disclose the depreciation written out on revaluation from the movement for the revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services/revaluation reserve.

\*\*The above table has been restated to separately disclose the category transfers to/from Held for Sale and Investment Properties.

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 2023/24 for operational property and investment property. HRA stock was valued at 31st March 2024.

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 2024, 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 2023 amounted to £46.7m. As at 31 March 2024, the Council had the following major commitments:

	2023/24
	£'000
Housing Delivery/Other (HRA)	8,325
Housing Assets (HRA)	46,763
Schools Programme	11,694
Property And Delivery	6,882
Neighbourhoods and Environment Service	1,389
Other Minor Schemes	18,893
<b>Total</b>	<b>93,946</b>



## 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.

2022/23		2023/24
£'000		£'000
56,845	Balance at 1 April	56,845
-	Additions	-
-	Revaluations	-
56,845	Balance at 31 March	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.

2022/23		2023/24
£'000		£'000
8,702	Balance at 1 April	8,330
-	Additions	-
101	Enhancement	294
-	Transfer from PPE	2,806
(473)	Net gains/(losses) from fair value adjustments	(3,793)
8,330	Balance at 31 March	7,637

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:

2022/23		2023/24
£'000		£'000
(497)	Rental income from investment property	(304)
107	Direct operating expenses arising from investment property	111
(390)	Total	(193)

**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:

2022/23		2023/24
£'000		£'000
245	Within one year	161
423	Between one and five years	255
182	Later than five years	110
<b>850</b>	<b>Total</b>	<b>526</b>

**Note 20: Cash and Cash Equivalents**

2022/23		2023/24
£'000		£'000
24	Cash held by the Council	24
7,187	Bank current accounts	8,848
22,905	Short-term deposits	14,229
30,116	<i>Disclosed in current assets</i>	23,101
-	Less bank overdraft - disclosed in current liabilities	-
<b>30,116</b>	<b>Net cash and cash equivalents</b>	<b>23,101</b>

## Note 21: Financial Instruments

### By Category

2022/23				2023/24		
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>			
-	37,555	37,555	Investments	1,400	41,383	42,783
3,810	-	3,810	Finance lease	3,809	-	3,809
28,713	52,378	81,091	Debtors	17,481	114,067	131,548
	30,116	30,116	Cash and cash equivalents	-	23,101	23,101
<b>32,523</b>	<b>120,049</b>	<b>152,572</b>		<b>22,690</b>	<b>178,551</b>	<b>201,241</b>
1,400	-	1,400	Fair value through other comprehensive income	1,058	-	1,058
<b>33,923</b>	<b>120,049</b>	<b>153,972</b>	<b>Total financial assets</b>	<b>23,748</b>	<b>178,551</b>	<b>202,299</b>
			<b>Financial Liabilities</b>			
			<i>Amortised cost</i>			
(362,914)	(52,527)	(415,442)	Loans outstanding	(347,854)	(113,155)	(461,009)
(28,040)	(6,842)	(34,882)	PFI contracts	(21,825)	(4,995)	(26,820)
(3,901)		(3,901)	Finance leases	(3,899)	(1)	(3,900)
	(79,189)	(79,189)	Creditors	-	(123,605)	(123,605)
	-	-	Bank overdraft	-	-	-
<b>(394,856)</b>	<b>(138,558)</b>	<b>(533,414)</b>		<b>(373,578)</b>	<b>(241,756)</b>	<b>(615,334)</b>
(2,732)	-	(2,732)	Fair value through other comprehensive income	(2,730)	-	(2,730)
<b>(397,588)</b>	<b>(138,558)</b>	<b>(536,146)</b>	<b>Total financial liabilities</b>	<b>(376,308)</b>	<b>(241,756)</b>	<b>(618,064)</b>

**Note 21: Financial Instruments (continued)****Income, Expense, Gains and Losses**

2022/23				2023/24		
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			
19,078			Interest expense	13,248		
			Impairment Losses			
19,078	-	-	<b>Total expense in Surplus/Deficit on the Provision of Service</b>	13,248	-	-
	(4,795)		Interest income		(4,854)	
-	(4,795)	-	<b>Total Income in Surplus/Deficit on the Provision of Services</b>		(4,854)	-
			<b>Interest revenue</b>			
		(1,807)	Gains on Revaluation			(2,730)
		3,567	Losses on Revaluation			1,058
-	-	1,760	<b>Surplus/Deficit arising on Revaluation of financial Assets in Other Comprehensive Income and Expenditure</b>	-	-	(1,672)
19,078	(4,795)	1,760	<b>Net gain/Loss for the Year</b>	13,248	(4,854)	(1,672)

## 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.

[Annual Investment Strategy 2023-24](#)

### Credit Risk - Treasury Investments

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

31-March-2023			Fitch Rating	31-March-2024		
FVOCI	Loans and Receivables	Cash and cash equivalents		FVOCI	Loans and Receivables	Cash and cash equivalents
£'000	£'000	£'000		£'000	£'000	£'000
-	-	17,268	AAA	-	-	13,165
-	-	-	A+	-	15,587	1,619
-	10,176	5,561	A	-	5,207	-
-	-	-	A-	-	-	-
-	15,200	-	AA-	-	5,208	-
-	-	-	BBB+	-	5,130	-
-	5,080	-	BBB	-	-	-
-	-	-	BB-	-	5,126	-
1,400	91,999	11,784	Not Applicable	1,058	140,326	8,317
<b>1,400</b>	<b>122,455</b>	<b>34,613</b>		<b>1,058</b>	<b>176,584</b>	<b>23,101</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-2023		31-March-2024
£'000		£'000
10,566	Less than three months	17,864
6,133	Three months to one year	4,555
11,379	More than one year	11,540
<b>28,078</b>	<b>Total</b>	<b>33,959</b>

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

2022/23		2023/24
£'000		£'000
17,991	Balance c/f	19,648
1,657	Increase/(decrease) in impairment allowance	(3,473)
<b>19,648</b>	<b>Balance c/f</b>	<b>16,175</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-2023		31-March-2024
£'000		£'000
118,266	Less than one year	229,311
13,036	Between 1 and 2 years	6,400
20,604	Between 3 and 5 years	60,231
87,476	Between 6 and 10 years	46,340
298,530	More than 10 years	273,052
<b>537,912</b>	<b>Total</b>	<b>615,334</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 2024, 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	TBC
Increase in interest receivable on variable rate investments	TBC
<b>Impact on surplus/deficit on the provision of services</b>	<b>-</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:

Impact on other comprehensive income and expenditure	£'000
Decrease in fair value of fixed rate investment assets	TBC
Decrease in fair value of fixed rate borrowings liabilities	TBC

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

TBC

The above sensitivity analysis is based on the loans and investments as at 31 March 2024.

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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 2024 is shown in the table below.

Total expenditure incurred on improvement, enhancement and acquisition of non-current assets in 2023/24 was £179m (2022/23, £114m). The finance sources used are shown below and include amounts used to finance REFCUS expenditure.

2022/23		2023/24
£'000		£'000
543,919	<b>Opening capital financing requirement</b>	587,733
	<b>Capital investment</b>	
108,986	Property, plant and equipment	173,541
101	Investment Properties	294
141	Intangible Assets	1,023
5,534	Revenue expenditure funded from capital under statute	4,532
	<b>Sources of finance</b>	
(13,757)	- Capital receipts	(55,767)
(38,569)	- Government grants and other contributions	(49,143)
(12,356)	- Major repairs reserve	(12,900)
	<b>Sums set aside from revenue</b>	
1,333	- Direct revenue financing	(1,165)
(7,598)	- Minimum revenue provision	(7,537)
-	- Adjustment to HRA CFR	(2,935)
587,733	<b>Closing capital financing requirement</b>	637,676
	<b>Explanation of movements in year:</b>	
43,814	Increase/(decrease) in underlying need to borrow	49,945
43,814	<b>Increase/(decrease) in CFR for the year</b>	49,945

## 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 £8.870m (£9.251m 2022/23).

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-2023			31-March-2024	
£'000			£'000	
		Finance lease liabilities (net present value of minimum lease payments):		
	1	- current (not later than one year)		1
	3,900	- non-current (later than one year)		3,899
	19,875	Finance costs payable in future years		19,545
	<b>23,776</b>			<b>23,445</b>

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

2022/23			2023/24	
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	7	Later than 1 year and not later than 5 years	1,328	4
21,785	3,893	Later than 5 years	21,785	3,893
<b>23,445</b>	<b>3,901</b>		<b>23,445</b>	<b>3,898</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2023/24, £0.53m of contingent rents were payable by the Council (£1.024m in 2022/23).

The Authority has sub-let industrial units held on the sites held under these finance leases. At 31 March 2024, the minimum payments expected to be received under non-cancellable sub-leases was £6.022m (£7.893m at 31 March 2023). 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-2023		31-March-2024	
£'000		£'000	
8,827	Not later than 1 year	8,780	
1,251	Later than 1 year and not later than 5 years	1,222	
1,769	Later than 5 years	1,769	
<b>11,847</b>		<b>11,772</b>	

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

2022/23		2023/24	
£'000		£'000	
9,424	Minimum lease payments	9,444	
27	Contingent rents	27	
<b>9,451</b>		<b>9,471</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-2023		31-March-2024	
£'000		£'000	
	Finance lease debtor (net present value of minimum lease payments):		
1	- current (not later than one year)	1	
3,809	- non-current (later than one year)	3,808	
19,112	Unearned finance income	18,858	
<b>22,922</b>	<b>Gross investment in the lease</b>	<b>22,667</b>	

**Note 24: Leases (continued)**

These amounts will be received over the following periods

2022/23			2023/24	
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	4	Later than 1 year and not later than 5 years	1,019	4
21,649	3,805	Later than 5 years	21,394	3,805
<b>22,922</b>	<b>3,809</b>		<b>22,667</b>	<b>3,809</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2023/24, £0.03m contingent rents were receivable by the Council (£0.25m in 2022/23).

**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:

2022/23 RESTATED			2023/24	
£'000			£'000	
3,303	1	Not later than 1 year	3,616	1
8,081	4	Later than 1 year and not later than 5 years	6,912	4
19,836	3,805	Later than 5 years	18,218	3,805
<b>31,220</b>			<b>28,746</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 2023/24 £0.441m contingent rents were receivable by the Council (£0.390m in 2022/23).

## 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 Larkswood Primary	50,241	32 Years (2004 - 2036)	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:

2022/23 RESTATED					2023/24			
Lammas <sup>(Note 2)</sup>	Grouped	Frederick Bremer	Total		Lammas	Grouped	Frederick Bremer	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
-	131,849	43,953	175,802	Opening balance	-	133,344	43,537	176,881
-	161		161	In-year capital expenditure	-	113	30	143
-		-	-	Lifecycle works	-		-	-
-	(1,112)	(416)	(1,528)	Depreciation	-	(1,169)	(416)	(1,585)
-	2,446	-	2,446	Revaluation gains/(loss)	-	940	-	940
-	133,344	43,537	176,881	Closing balance	-	133,228	43,151	176,379

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.

2022/23					2023/24			
Service cost	Repayment of liability	Interest	Total		Service cost	Repayment of liability	Interest	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(9,365)	(3,376)	(2,601)	(15,342)	within 1 year	(11,222)	(2,838)	(2,304)	(16,364)
(35,469)	(10,890)	(7,920)	(54,279)	within 2-5 years	(39,645)	(10,457)	(7,091)	(57,193)
(42,841)	(13,301)	(5,268)	(61,410)	within 6-10 years	(48,736)	(13,643)	(4,113)	(66,492)
(19,510)	(7,315)	(548)	(27,373)	within 11-15 years	(14,993)	(4,568)	(229)	(19,790)
-	-	-	-	within 16-20 years	-	-	-	-
(107,185)	(34,882)	(16,337)	(158,404)	Closing balance	(114,596)	(31,506)	(13,737)	(159,839)

**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.

2022/23		2023/24
£'000		£'000
(38,349)	Balance b/f	(34,882)
3,467	Repayment	3,376
<b>(34,882)</b>	<b>Balance at 31 March</b>	<b>(31,506)</b>

## 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 2024	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			41,383			41,383	41,383			41,383
Finance lease			3,809			3,809		3,809		3,809
Debtors			131,392			131,392	131,392			131,392
Cash and cash equivalents			23,101			23,101	23,101			23,101
Fair value through other comprehensive income			1,058			1,058			1,058	1,058
<b>Total financial assets</b>	-	-	<b>200,743</b>	-	-	<b>200,743</b>	<b>195,876</b>	<b>3,809</b>	<b>1,058</b>	<b>200,743</b>
<b>Non-financial assets</b>										
Investment property	7,637					7,637			7,637	7,637
Surplus assets	11,219					11,219			11,219	11,219
Assets held for sale	15,151					15,151			15,151	15,151
<b>Total financial and non-financial assets</b>	<b>34,007</b>	-	<b>200,743</b>	-	-	<b>234,750</b>	<b>195,876</b>	<b>3,809</b>	<b>35,065</b>	<b>234,750</b>
<b>Financial liabilities</b>										
<i>Liabilities at amortised cost:</i>										
Loans outstanding				(461,009)		(461,009)	(99,425)	(361,584)		(461,009)
PFI contracts				(29,163)		(29,163)		(29,163)		(29,163)
Finance leases				(3,900)		(3,900)		(3,900)		(3,900)
Creditors				(127,863)		(127,863)	(127,863)			(127,863)
Bank overdraft				-		-				-
Fair value through other comprehensive income				(2,730)		(2,730)			(2,730)	(2,730)
<b>Total financial liabilities</b>	-	-	-	<b>(624,665)</b>	-	<b>(624,665)</b>	<b>(227,288)</b>	<b>(394,647)</b>	<b>(2,730)</b>	<b>(624,665)</b>

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

31 March 2023	Carrying Value						Fair Value			
	Financial and non-financial assets			Financial liabilities			Level			Total
	Fair value through profit and loss	Fair value through other comprehensive income	Loans and receivables	Liabilities at amortised cost	Liabilities at FVOCI	Total	1	2	3	
	£'000	£'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	8,330
Surplus assets	12,017	-	-	-	-	12,017	-	-	12,017	12,017
Assets held for sale	28,936	-	-	-	-	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)	(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)**

**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 2024.

Description of asset	Assessed valuation range	Value at 31 March 2024 £'000	Valuation Increase £'000	Valuation Decrease £'000
Financial assets at FVOCI	+10%/-10%	1,058	1,164	952
Financial liabilities at FVOCI	+10%/-10%	(2,730)	(3,003)	(2,457)
Investment property, surplus assets and assets held for sale	+16.9%/-12.9%	34,007	39,754	29,620
<b>Total</b>		<b>32,335</b>	<b>37,915</b>	<b>28,115</b>

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>

**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**

2023/24	1 April 2023	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/ (losses)	Realised gains/ (losses)	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets at FVOCI	1,400					343		1,743
Financial liabilities at FVOCI	(3,825)					1,322		(2,503)
Investment property	8,330			294		(3,793)		4,831
Surplus assets	12,016			398		6,532		18,946
Assets held for sale	28,936				(31,738)			(2,802)
<b>Total</b>	<b>46,856</b>	<b>-</b>	<b>-</b>	<b>692</b>	<b>(31,738)</b>	<b>4,404</b>	<b>-</b>	<b>20,214</b>

2022/23	1 April 2022	Transfers into Level 3 <sup>(Note 2)</sup>	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 <sup>(Note 3)</sup>	4,255	-				(2,855)		1,400
Financial liabilities at FVOCI <sup>(Note 4)</sup>	(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>-</b>	<b>1,321</b>	<b>(21,833)</b>	<b>(3,459)</b>	<b>4,890</b>	<b>46,856</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.

2022/23			2023/24	
Short-term	Long-term		Short-term	Long-term
£'000	£'000		£'000	£'000
17,024	-	Central government bodies	13,699	-
1,928		Other local authorities	12,459	-
7,063		NHS bodies	6,964	-
66,827	32,523	Other entities and individuals	80,945	21,290
<b>92,842</b>	<b>32,523</b>	<b>Total</b>	<b>114,067</b>	<b>21,290</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 2024.

2022/23			2023/24	
Short-term			Short-term	
£'000			£'000	
(18,117)		Central government bodies	(7,810)	
(3,856)		Other local authorities	(1,443)	
(14,156)		NHS bodies	(17,204)	
(83,827)		Other entities and individuals	(94,068)	
(6,843)		PFI creditors	(7,338)	
<b>(126,799)</b>		<b>Total</b>	<b>(127,863)</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 2023	(24)	(1,248)	(4,456)	(5,728)
Amounts used	-	-	903	903
Additional provisions	-	-	(379)	(379)
<b>Balance at 31 March 2024</b>	<b>(24)</b>	<b>(1,248)</b>	<b>(3,932)</b>	<b>(5,204)</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 2023/24, although actual payments will not occur until 2024/25.

### 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
Balance at 31 March 2023	(5,535)	(692)	(6,227)
Amounts used	202	293	495
Additional provisions	-	-	-
<b>Balance at 31 March 2024</b>	<b>(5,333)</b>	<b>(399)</b>	<b>(5,732)</b>

### Insurance provision

The insurance balance at 31 March 2024 has decreased to £5.333 million. This represents the estimated value of potential liabilities incurred to 31 March 2024, 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 £5.532m made to the tenants the remaining provision balance is £399k on 31st March 2024.

**Note 30: Unusable Reserves**

2022/23		2023/24
£'000		£'000
(999,179)	Revaluation reserve	(921,358)
(898,187)	Capital adjustment account	(815,253)
(35,927)	Deferred capital receipts	(36,302)
15,911	Financial instruments adjustment account	15,332
1,343	Financial Instruments Reserve	(328)
386,316	Pension reserve	346,198
(3,783)	Collection Fund adjustment account	(623)
5,823	Accumulated absence account	6,050
2,161	DSG Adjustment Account	2,161
<b>(1,525,522)</b>	<b>Total</b>	<b>(1,404,123)</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.

2022/23 RESTATED		2023/24
£'000		£'000
<b>(916,296)</b>	<b>Balance at 1 April</b>	(936,108)
322	Adjustment to opening balance	-
(26,951)	Revaluation of assets	2,924
3,272	Accumulated gains on assets sold or scrapped	8,490
3,545	Adjustment to depreciation on revalued assets	3,335
<b>(936,108)</b>	<b>Balance at 31 March</b>	<b>(921,359)</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.

2022/23 RESTATED		2023/24
£'000		£'000
(974,747)	<b>Balance at 1 April</b>	(939,332)
	<b>Reversal of items debited and credited to the Comprehensive Income and Expenditure Statement</b>	
41,141	Depreciation and impairment of non current assets	40,027
21,745	Revaluation gains or losses on property, plant and equipment	177,202
5,535	Revenue expenditure funded from capital under statute	4,532
42,442	Current value of asset disposals	39,796
(3,545)	Adjustment to depreciation on revalued assets	(3,335)
(1,428)	Accumulated gains on assets sold or scrapped	(8,490)
<b>105,890</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>249,732</b>
	<b>Capital financing applied in year</b>	
(13,757)	Capital receipts	(55,767)
(12,356)	Major repairs reserve	(12,900)
(17,296)	Capital grants and contributions	(44,626)
(21,273)	Capital grants unapplied	(4,517)
(7,598)	Minimum revenue provision	(7,537)
1,333	Direct revenue financing	(1,165)
-	Adjustments to HRA CFR	(2,935)
<b>(70,948)</b>	<b>Capital financing applied in year</b>	<b>(129,447)</b>
	<b>Other movements</b>	
473	Increase/(decrease) in value of investment properties	3,793
<b>473</b>		<b>3,793</b>
<b>(939,332)</b>	<b>Balance at 31 March</b>	<b>(815,254)</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.

2022/23		2023/24
£'000		£'000
16,492	Balance at 1 April	15,911
(581)	Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	(579)
15,911	Balance at 31 March	15,332

### 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).

2022/23		2023/24
£'000		£'000
(417)	Balance at 1 April	1,343
(1,807)	Revaluation gain on assets	(2,730)
3,567	Impairment of assets	1,058
1,343	Balance at 31 March	(329)

## 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.

2022/23		2023/24
£'000		£'000
780,075	Balance at 1 April	386,316
(442,799)	Actuarial gains/(losses) on pensions assets & liabilities	(44,762)
74,107	Reversal of items relating to retirement benefits debited or credited to the (Surplus)/deficit on provision of services in the Comprehensive Income & Expenditure Statement	42,280
(25,067)	Employer's pensions contributions & direct payments to pensioners payable in the year	(37,636)
386,316	Balance at 31 March	346,198

## 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.

2022/23				2023/24		
Council Tax	NNDR	Total		Council Tax	NNDR	Total
£'000	£'000	£'000		£'000	£'000	£'000
(2,522)	4,718	2,196	Balance at 1 April	(2,938)	(845)	(3,783)
(416)	(5,563)	(5,979)	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	2,754	406	3,160
(2,938)	(845)	(3,783)	Balance at 31 March	(184)	(439)	(623)

## Note 30g: Accumulated Absence Account

2022/23		2023/24
£'000		£'000
5,298	Balance at 1 April	5,823
(5,298)	Settlement or cancellation of accrual made at the end of preceding year	(5,823)
5,823	Amounts accrued at the end of the current year	6,050
5,823	Balance at 31 March	6,050

## 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 12,357 employers in the Teachers' Pension Scheme as at 31/03/2023 (2023/24 figures available in annual report due to be published in November 2024).

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 on service to 2015 and a career average revalued earnings based pension for services 2015. However, the legal challenges in respect of "Goodwin and McCloud-Sargent" cases have impacted the scheme. The DfE has been working with the Scheme Administrator to put in place arrangements for the remedy implementation. The regulations for which came into force from 1st October 2023.

In 2023/24, the Council paid £17.254 million (this includes £4.992 million teachers' contributions) to the Teachers' Pension Agency in respect of teachers' pension costs (£16.655 million in 2022/23, which included £4.859 million teachers' contributions); this represents 33.3% of teachers' pensionable pay (33.4% in 2022/23). The Council is also responsible for any additional pensions and these amounted to £1,189.64 in 2023/24 (£3,195.02 in 2022/23).

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 7,857 employers in the NHS Pension Scheme as at 31/03/2023 (2023/24 figures expected to be available in September 2024).

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 2023/24, the Council paid £XXX (this includes £XXX staff contributions) to the NHS Pension Scheme in respect of ex-PCT staff member contributions (£7,822 in 2022/23, including £7,138 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 2022 triennial valuation, the Council paid normal contribution at 16.7% (16.7% in 2023/24) of pensionable pay plus contributions of £8.5 million 23/24, £8.9m 24/25 and £9.4m 25/26 towards recovering the deficit. In April 2023, the Council made a prepayment of the deficit for the year 2023/24, over the three years this generated a cash saving of £1.3m to the Council.

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.

2022/23				2023/24			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>				
51,663	-	51,663	Current service cost	23,090	-	23,090	(i)
-	-	-	Past service cost	-	-	-	
74	-	74	Losses/(gains) on curtailments and settlements	149	-	149	
			<i>Other operating expenditure:</i>				
880	-	880	Pension Administration expenses	1,399	-	1,399	
			<i>Financing and investment income and expenditure:</i>				
20,865	625	21,490	Interest cost	16,440	1,202	17,642	(ii)
<b>73,482</b>	<b>625</b>	<b>74,107</b>	<b>Total Post employment benefit charged to the (surplus)/deficit on provision of services</b>	<b>41,078</b>	<b>1,202</b>	<b>42,280</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>				
(15,343)		(15,343)	- Return on plan assets, excluding the amount included in the net interest expense	(22,475)	-	(22,475)	(iii)
213,608	10,299	223,907	- Experience (gain)/loss	15,608	(4,247)	11,361	
(601,096)	(5,622)	(606,718)	- Actuarial gains/(losses) arising from changes in financial assumptions	(17,762)	(178)	(17,940)	
(44,087)	(558)	(44,645)	- Actuarial gains(losses) arising from changes in demographic assumptions	(15,379)	(329)	(15,708)	
<b>(373,436)</b>	<b>4,744</b>	<b>(368,692)</b>	<b>Total Post employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>1,070</b>	<b>(3,552)</b>	<b>(2,482)</b>	
			<b>Movement in Reserves Statement</b>				
(73,482)	(625)	(74,107)	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)	(41,078)	(1,202)	(42,280)	
			<i>Actual amount charged against the General Fund balance for pensions in the year:</i>				
<b>23,027</b>	<b>2,040</b>	<b>25,067</b>	<b>Employers' contributions payable to scheme</b>	<b>35,784</b>	<b>1,852</b>	<b>37,636</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)****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:

2022/23				2023/24		
LGPS	Unfunded discretionary benefits	Total		LGPS	Unfunded discretionary benefits	Total
£'000	£'000	£'000		£'000	£'000	£'000
(1,227,214)	(26,003)	(1,253,217)	Present value of defined benefit obligation	(1,250,072)	(20,599)	(1,270,671)
866,901		866,901	Fair value of employer assets	924,473	-	924,473
<b>(360,313)</b>	<b>(26,003)</b>	<b>(386,316)</b>	<b>(Deficit)/gain in the scheme</b>	<b>(325,599)</b>	<b>(20,599)</b>	<b>(346,198)</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:

2022/23			2023/24	
£'000	%		£'000	%
551,349	63%	Equities	525,831	57%
127,434	15%	Bonds	144,866	16%
91,892	11%	Property	76,572	8%
50,280	6%	Cash/liquidity	63,638	7%
45,946	5%	Other	113,566	12%
<b>866,901</b>	<b>100%</b>		<b>924,473</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:

2022/23		2023/24
LBWF		LBWF
%		%
2.7	Rate of inflation (CPI)	2.7
4.2	Rate of increase in salaries *	4.2
2.8	Rate of increase in pensions	2.8
4.8	Rate for discount scheme liabilities	4.9

\* 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	24.1	23.8
Longevity at 65 for future pensioners (in 20 years' time)	25.7	25.5

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)	(30,237)	30,237
Rate of inflation (increase or decrease by 0.25%)	(44,085)	44,085
Rate of increase in salaries (increase or decrease by 0.25%)	(4,108)	4,108
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	83,786	(83,786)
Estimated investment return (increase or decrease by 1%)	9,220	(9,220)

**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 £38.171m to the scheme in 2024/25.

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

2022/23		2023/24
£'000		£'000
(103,183)	<b>Net surplus or (deficit) on the provision of services</b>	<b>(164,280)</b>
	<i>Adjustments for non-cash movements:</i>	
96,634	Depreciation, impairments and downward revaluation	207,726
(14,874)	Net increase/decrease in creditors, debtors and inventories	15,262
49,040	Pensions liability	4,644
45,733	Carrying amount of non-current assets sold	39,796
(8,634)	Other non-cash items	(2,549)
<b>167,899</b>		<b>264,879</b>
	<i>Adjustments for items that are investing or financing activities:</i>	
(31,819)	Capital grants	(46,037)
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-
(31,054)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	48,147
-	Any other items for which the cash effects are investing or financing cash flows	-
<b>(62,873)</b>		<b>2,110</b>
<b>1,843</b>	<b>Net cash flows from operating activities</b>	<b>102,709</b>

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

The cash flows for operating activities include the following items:

2022/23		2023/24
£'000		£'000
4,795	Interest received	4,854
(19,078)	Interest paid	(13,248)

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

2022/23		2023/24
£'000		£'000
(109,227)	Purchase of property, plant and equipment, investment property and intangible assets	(164,146)
(280,277)	Purchase of short-term and long-term investments	(86,000)
(9,113)	Other payments for investing activities	-
31,054	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(48,147)
272,506	Proceeds from short-term and long-term investments	81,328
40,225	Other receipts from investing activities (capital grants)	73,302
<b>(54,832)</b>	<b>Net cash flows from investing activities</b>	<b>(143,663)</b>

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

2022/23		2023/24
£'000		£'000
174,419	Cash receipts of short-term and long-term borrowings	126,100
(6,844)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(6,215)
-	Other receipts from financing activities	-
(140,448)	Repayments of short-term and long-term borrowing	(80,533)
<b>27,127</b>	<b>Net cash flows from financing activities</b>	<b>39,352</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 2023/24 is shown in **Note 10**.

The following Members held positions of control or significant influence in related parties to the Council during 2023/24:

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

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 Uzma Rasool 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 Marion Fitzgerald is a co-opted board member of Friday Hill Tenant Management Organisation.

Councillor Terry Wheeler is a board member of Lee Valley Regional Park Authority; director of MTL Learning, Boxing for Life, and Walthamstow and Chingford Almshouse Charity; and a governor of Holy Family Catholic School and Opossum (Schools) Federation.

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

### Chief Officers

During 2023/24 chief officers declared an interest in the following:

	Chief Officers
Sixty Bricks Ltd	3
Waltham Forest Services Ltd	2
Waltham Forest Trading Ltd	2

**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 2024	Principal activities	Transactions with the Council 2023/24
Sixty Bricks Ltd (10593957)	100% shareholding (100 £1 shares)	Projected Surplus of £1,471m at 31 March 2024	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, £568k was outstanding at 31/03/24. Interest of £295k 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, £1.778m was outstanding at 31/03/24. Interest of £148k has been charged on the loan to date. The Council has also advanced development finance for housing schemes. For Priory Court, this totals £1.3m to date and £81k of interest has been charged on the advance to date. For Essex Close, this totals £4.1m to date and £387k of interest has been charged on the advance to date. For South Grove, this totals £13.5m to date and £1.7m 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.	£783k projected deficit at 31 March 2024	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)	£343k retained earnings at 31 March 2024	Provides a variety of services on a commercial basis including house clearance, gardening, handyperson and pest control.	The company owes the Council £2.2m at 31 March 2024.
Waltham Forest Trading Ltd (10912348)	100% shareholding (100 £1 shares)	£100 retained earnings at 31 March 2024	Currently dormant	Nil.
Walthamstow Scene Ltd (9112012)	100% shareholding (100 £1 shares)	£1 retained earnings at 31 March 2024	Currently dormant	Nil.
Evolve Norse Limited (06078945)	20% shareholding (two £1 shares)	£600k projected retained earnings at 31 March 2024	Property consultancy (the Council is the company's principal customer)	Sales to the Council were £4.4m in 2023/24. Net debtor balances due to the company from the Council were £0.2m at 31 March 2024.
Waltham Forest Local Education Partnership (LEP) Limited (06009180)	10% shareholder, owning 5,500 £1 shares	£6k deficit at 31 December 2023	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	£40k retained earnings at 31 December 2023	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 2023/24. 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 2023	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 £1.91 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 24 June 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

In March 2024, the council decided to wind down its wholly owned subsidiary, Sixty Bricks. As at the time of publishing the draft accounts, the processes related to the closure of the company are ongoing and it is still showing as active on Companies House.

## 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.

	2022-23	2023-24
	£'000	£'000
<b>Net book value (modified historical cost)</b>		
At 1 April	105,500	102,113
Additions	5,360	9,217
Derecognition	-	
Depreciation	(9,731)	(9,505)
Impairment		
Other movements in cost	983	1,368
<b>Net book value at 31 March</b>	<b>102,113</b>	<b>103,193</b>

	31-Mar-23	31-Mar-24
	£'000	£'000
Infrastructure assets	102,113	103,193
Other PPE assets	2,283,702	2,174,402
<b>Total PPE Assets</b>	<b>2,385,814</b>	<b>2,277,595</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.



## SECTION – 4

### SUPPLEMENTARY FINANCIAL STATEMENTS

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#### Supplementary Financial Statements

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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.

2022/23	Expenditure	2023/24	Note
£'000		£'000	
17,766	Repairs and maintenance	15,547	
30,621	Supervision and management	34,563	
1,840	Rents, rates, taxes and other charges	1,168	
66,363	Depreciation and impairment of non current assets	169,293	5
148	Debt management costs	193	
557	Transfer to/from Provision	-	
(3,613)	Increase/(decrease) in the provision for bad debts	323	
<b>113,682</b>	<b>Total expenditure</b>	<b>221,087</b>	
	<b>Income</b>		
(56,635)	Dwelling rents	(62,777)	
(475)	Non-dwelling rents	(538)	
(6,990)	Charges for service and facilities	(8,180)	
(939)	Contributions towards expenditure	(2,215)	
<b>(65,039)</b>	<b>Total income</b>	<b>(73,710)</b>	
<b>48,643</b>	<b>Net cost or (income) of HRA services as included in the whole authority Comprehensive Income and Expenditure Statement</b>	<b>147,377</b>	
51	HRA services share of Corporate and Democratic Core	-	
<b>48,694</b>	<b>Net cost of HRA Services</b>	<b>147,377</b>	
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>		
13,880	(Gain) or loss on sale of HRA non current assets	(8,179)	
8,024	Interest payable and similar charges	11,844	
(724)	HRA interest and investment income	(2,591)	
1,354	Pension Liability, interest cost & expected return on pension asset	1,440	
(14,620)	Capital grants and contributions receivable	(24,753)	
<b>56,608</b>	<b>(Surplus) or deficit for the year on HRA Services</b>	<b>125,138</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.

2022/23		2023/24	
£'000		£'000	Note
(5,479)	<b>Balance on the HRA as at 1 April</b>	(6,000)	
56,608	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement	125,138	
	<b>Adjustments between accounting basis and funding basis:</b>		
	Amount by which finance costs chargeable in accordance with the Code are different from finance costs chargeable in year under statutory requirements		
(13,880)	(Gain)/loss on HRA disposals	5,358	
(2,943)	Net charges for pensions	(379)	
12,896	Use of capital grants to finance capital expenditure	24,366	
(66,363)	Transfer (to) the Capital Adjustment Account (CAA)	(166,358)	
(51)	Accumulated absences adjustment	(93)	
12,354	Transfer to the Major Repairs Reserve	12,900	
(1,379)	<b>Net (increase) or decrease before transfers to or from reserves</b>	<b>932</b>	
858	Transfers to or (from) earmarked reserves	(448)	
(521)	<b>(Increase) or decrease in year on the HRA</b>	<b>484</b>	
(6,000)	<b>HRA Balance at 31 March</b>	<b>(5,516)</b>	

## Housing Revenue Account Notes

### Note 1: Housing Stock

As at 31 March 2024 the Council was responsible for managing a housing stock of 10,285 dwelling units, and the stock was made up as follows:

2022/23 Restated	Type of accommodation	2023/24
4,330	Low rise flats	4,356
1,368	High rise flats	1,615
3,699	Houses and bungalows	3,692
460	Sheltered accommodation	460
162	Multi occupied	162
<b>10,019</b>	<b>Total</b>	<b>10,285</b>

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

The total Balance Sheet value of the Council's HRA assets at 1st April 2023 was £1,052m and at 31st March 2024 was £0.977m, analysed as follows:

2022/23		2023/24
£'000		£'000
	<b>Operational assets</b>	
998,572	Council dwellings	928,452
30,924	Assets under construction	30,754
-	Land	-
17,666	Other property	18,130
<b>1,047,162</b>		<b>977,336</b>
	<b>Non-operational assets</b>	
4,454	Assets held for sale	-
<b>1,051,616</b>	<b>Total asset value</b>	<b>977,336</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 £3,660m (£3,881m at March 2023). 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 2023/24, the Council incurred £136.3m capital expenditure on land, houses and other properties within the HRA (2022/23: £39.4m). The detail of expenditure and the methods of financing are detailed below:

2023/24	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	123,704	82,960	12,900	-	11,235	16,608	-	123,703
Assets under construction	11,791	2,501	-	-	1,115	8,175	-	11,791
Other Property	829	829	-	-	-	-	-	829
<b>Balance as at 31 March</b>	<b>136,324</b>	<b>86,290</b>	<b>12,900</b>	<b>-</b>	<b>12,350</b>	<b>24,783</b>	<b>-</b>	<b>136,323</b>

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>-</b>	<b>12,357</b>	<b>-</b>	<b>10,820</b>	<b>13,917</b>	<b>2,334</b>	<b>39,428</b>

### Note 4: Capital receipts

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

2022/23		2023/24
20,661	Council dwellings	11,678
6	Other property	176
<b>20,667</b>		<b>11,854</b>

**Note 5: Depreciation and impairment**

2022/23		2023/24
£'000		£'000
	<b>Depreciation</b>	
11,950	Council dwellings	12,432
407	Other property	471
<b>12,357</b>		<b>12,903</b>
	<b>Impairment</b>	
111,699	Council dwellings	183,811
	Other property	-
<b>111,699</b>		<b>183,811</b>
<b>124,056</b>	<b>Total depreciation and impairment</b>	<b>196,714</b>

**Note 6: Rent Arrears**

2022/23		2023/24
	<b>Rent arrears comprise:</b>	
5,386	Dwellings rents	4,808
647	Other charges/adjustments	643
<b>6,033</b>		<b>5,451</b>
(4,968)	Less: Bad debts provisions	(5,227)
<b>1,065</b>		<b>224</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.

2022/23				2023/24			Notes
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total	
£'000	£'000	£'000		£'000	£'000	£'000	
			<b>Income</b>				
-	156,583	156,583	Council Tax receivable		166,304	166,304	
-	-	-	Transfer for Transitional Relief, S13A(1)(C) Reliefs		998	998	
54,761	-	54,761	Business Rates receivable	56,009		56,009	
133	-	133	Transitional Protection Payments	6,302		6,302	
1,208	-	1,208	Business Rate Supplement	1,292		1,292	
<b>56,102</b>	<b>156,583</b>	<b>212,685</b>	<b>Total income</b>	<b>63,604</b>	<b>167,302</b>	<b>230,906</b>	
			<b>Expenditure</b>				
			<i>Apportionment of prior year surplus/deficit</i>				
(4,849)	2,307	(2,542)	- Council	(59)	2,748	2,689	
(5,981)	560	(5,421)	- GLA	(72)	704	632	
(5,334)	-	(5,334)	- Central Government	(64)		(64)	
			<i>Precepts</i>				
16,999	121,409	138,408	- Council	18,213	129,909	148,122	
20,966	31,099	52,065	- GLA	20,034	34,784	54,818	
18,699	-	18,699	- Central Government	22,463		22,463	
			<i>Business Rate Supplement</i>				
1,202	-	1,202	- Payment to levying authority (GLA)	1,286		1,286	
6	-	6	- Administrative costs	6		6	
			<i>Charges to Collection Fund</i>				
(1,721)	651	(1,070)	- Increase/(decrease) in bad debt provision	1,589	2,623	4,212	
(2,711)		(2,711)	- Increase/(decrease) in appeals provision	1,284		1,284	
279	-	279	- Cost of collection allowance	278		278	
<b>37,555</b>	<b>156,026</b>	<b>193,581</b>	<b>Total expenditure</b>	<b>64,957</b>	<b>170,768</b>	<b>235,725</b>	
(18,547)	(556)	(19,103)	(Increase)/decrease in fund balance for the year	1,353	3,465	4,818	
15,792	(3,136)	12,656	Fund balance brought forward	(2,755)	(3,692)	(6,447)	
<b>(2,755)</b>	<b>(3,693)</b>	<b>(6,447)</b>	<b>(Surplus)/deficit balance carried forward</b>	<b>(1,402)</b>	<b>(227)</b>	<b>(1,629)</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	4,140	6 / 9	2,760	1,370.37
B	24,059	7 / 9	18,712	1,598.77
C	31,664	8 / 9	28,146	1,827.16
D	19,855	9 / 9	19,855	2,055.55
E	7,435	11 / 9	9,087	2,512.35
F	1,716	13 / 9	2,478	2,969.14
G	407	15 / 9	678	3,425.93
H	20	18 / 9	39	4,111.12
<b>Total</b>	<b>89,295</b>		<b>81,756</b>	
Less adjustment for collection rates and anticipated changes in valuations and exemptions during the year			(1,635)	
<b>Council Tax Base</b>			<b>80,121</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 2024 was £190.604 million (this compares to the 31 March 2023 value of £176.302 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 2022/23). The small business non-domestic rating multiplier was 49.9 pence for each pound of rateable value (49.9 pence in the pound in 2022/23).

The Valuation Office Agency (VOA) revalues all business properties in England every five years. The latest revaluation came into effect in 2023.

### 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 2023/24 the balance in the Fund relating to Non-Domestic Rates reduced by £1.353m to a £1.402m surplus. In respect of Council Tax there was an in-year deficit of £3.465m, decreasing the overall surplus to £0.227m.

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, £1.092 million will be paid in 2024/25 with the remaining balance forming part of the 2025/26 balance. Similarly, £0.975 million will be paid in 2024/25, leaving a surplus payable in 2026/27 of £0.427m.

### Share of Surplus/(Deficit)

	2024/25	2025/26	Total
	£'000	£'000	£'000
<b>Council Tax:</b>			
London Borough of Waltham Forest	861	(677)	184
Greater London Authority	231	(188)	43
	<b>1,092</b>	<b>(865)</b>	<b>227</b>
<b>Non-Domestic Rates:</b>			
London Borough of Waltham Forest	292	147	439
Greater London Authority	361	169	529
Central Government	322	112	433
	<b>975</b>	<b>427</b>	<b>1,402</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

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## SECTION – 5

### NOTES TO THE PENSION FUND

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## Pension Fund Account

2022/23 RESTATED		2023/24	
£'000		£'000	Note
	<b>Dealing with members, employers and others directly involved in the fund</b>		
(38,253)	Contributions	(64,776)	7
(8,621)	Transfers in from Other Pension Funds	(9,112)	8
<b>(46,874)</b>		<b>(73,888)</b>	
	<b>Benefits payable:</b>		
50,873	Benefits payable	57,876	9
7,089	Payments to and on account of leavers	10,433	10
<b>57,962</b>		<b>68,309</b>	
<b>11,088</b>	<b>Net (Additions)/Withdrawals from dealings with members</b>	<b>(5,579)</b>	
9,811	Management Expenses	7,030	11
<b>20,899</b>	<b>Net (Additions)/Withdrawals including fund management expenses</b>	<b>1,451</b>	
	<b>Return on investments</b>		
(18,146)	Investment income	(19,403)	12
44,282	Profit and losses on disposal of investments and changes in the market value of investments	(55,257)	13a
<b>26,136</b>	<b>Net return on investments</b>	<b>(74,660)</b>	
47,035	<b>Net (Increase)/Decrease in the net assets available for benefits during the year</b>	(73,209)	
(1,047,865)	<b>Opening net assets of the scheme</b>	(1,000,830)	
<b>(1,000,830)</b>	<b>Closing net assets of the scheme</b>	<b>(1,074,039)</b>	

## Net Assets Statement

2022/23 RESTATED		2023/24	
£'000		£'000	Note
	<b>Investment assets</b>		
150	Long term investments	150	13
996,227	Investment assets	1,068,949	13
(7,665)	Investment liabilities	-	13
<b>988,712</b>	<b>Total Net investments</b>	<b>1,069,099</b>	
26,759	Current Assets	9,637	19
(14,640)	Creditors	(4,697)	20
<b>1,000,831</b>	<b>Net assets of the fund available to fund benefits at the end of the reporting period</b>	<b>1,074,039</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 2023 and 31 March 2024:

31-March-2023		31-March-2024
62	Number of employers with active members	66
	<b>Number of active employees in scheme:</b>	
4,676	London Borough of Waltham Forest	4,789
2,411	Other employers	2,575
<b>7,087</b>	<b>Total active members</b>	<b>7,364</b>
	<b>Number of pensioners:</b>	
7,337	London Borough of Waltham Forest	7,303
1,019	Other employers	1,110
<b>8,356</b>	<b>Total pensioners</b>	<b>8,413</b>
	<b>Number of Deferred members:</b>	
7,825	London Borough of Waltham Forest	7,481
2,824	Other employers	3,044
<b>10,649</b>	<b>Total deferred pensioners</b>	<b>10,525</b>
<b>26,092</b>	<b>Total number of members in the scheme</b>	<b>26,302</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 2023/24 were based on outcomes from 31 March 2022 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 2023/24 financial year and its financial position at 31 March 2024. 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 2023/24.

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 2023/24 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£101m</li> <li>a 0.25% increase in earnings inflation would increase future pension benefits by c.£6m</li> <li>a one-year increase in assumed life expectancy would increase future pension benefits by c£35m.</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 6.4% ie an increase or decrease of £7.3m on carrying values of £114m.

## Note 6: Events After the Balance Sheet Date

No significant events have occurred between the Balance Sheet date of 31 March 2024 and the date that these financial statements were authorised for issue.

## Note 7: Contributions Receivable

### By type of employer

2022/23 RESTATED £'000	Authority	2023/24 £'000
(22,466)	Administering authority	(48,676)
(14,799)	Scheduled bodies	(15,230)
(988)	Admitted bodies	(870)
<b>(38,253)</b>	<b>Total</b>	<b>(64,776)</b>

### By category

2022/23 RESTATED £'000	Category	2023/24 £'000
(11,571)	Employees' contributions	(12,850)
	<i>Employer's contributions:</i>	
(23,017)	Normal Contributions	(40,413)
(1,333)	Deficit recovery contributions	(9,518)
(2,332)	Additional Contributions (early retirement)	(1,995)
<b>(26,682)</b>		<b>(51,926)</b>
<b>(38,253)</b>	<b>Total</b>	<b>(64,776)</b>

## Note 8: Transfers in from Other Pension Funds

### By category

2022/23 £'000		2023/24 £'000
(8,621)	Individual transfers	(9,112)
<b>(8,621)</b>	<b>Total</b>	<b>(9,112)</b>

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

2022/23 RESTATED £'000	Category	2023/24 £'000
41,791	Pensions	47,226
7,285	Commutation and lump sum retirement benefits	9,399
1,797	Lump sum death benefits	1,251
<b>50,873</b>	<b>Total</b>	<b>57,876</b>

**By type of employer**

2022/23 RESTATED £'000	Authority	2023/24 £'000
43,230	Administering authority	50,850
6,054	Scheduled bodies	4,237
1,589	Admitted bodies	2,789
<b>50,873</b>	<b>Total</b>	<b>57,876</b>

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

2022/23 £'000		2023/24 £'000
149	Refunds to members leaving service	356
6,613	Individual transfers	10,077
<b>6,762</b>	<b>Total</b>	<b>10,433</b>

## Note 11: Management Expenses

2022/23 RESTATED		2023/24
£'000		£'000
1,479	Administration Expense	1,380
276	Actuary 's fee and expenses	190
21	External audit fees	85
522	Oversight and Governance	516
7,513	Investment management expenses (note 11a)	4,859
<b>9,811</b>	<b>Total</b>	<b>7,030</b>

## Note 11a: Investment Management Expenses

2023/24	Transaction costs	Management fees	Performance related fees	Total
	£'000	£'000	£'000	£'000
Equities				-
Pooled equities	446	2,008		2,454
Pooled Fixed Interest	324	496		820
Pooled property		440		440
Pooled infrastructure		659	429	1,088
	<b>770</b>	<b>3,603</b>	<b>429</b>	<b>4,802</b>
Custody fees	-	-	-	57
<b>Total</b>	<b>770</b>	<b>3,603</b>	<b>429</b>	<b>4,859</b>

2022/23 RESTATED	Transaction costs	Management fees	Performance related fees	Total
	£'000	£'000	£'000	£'000
Equities	197	884	-	1,081
Pooled equities	222	1,715	-	1,937
Pooled Fixed Interest	336	506		842
Pooled property	-	730	-	730
Pooled infrastructure	-	772	2,121	2,893
	<b>755</b>	<b>4,607</b>	<b>2,121</b>	<b>7,483</b>
Custody fees	-	-	-	30
<b>Total</b>	<b>755</b>	<b>4,607</b>	<b>2,121</b>	<b>7,513</b>

**Note 12: Investment Income**

2022/23	2022/23 Restated	Authority	2023/24
£'000	£'000		£'000
(7,693)	(8,137)	Equity Dividends	(4,118)
(1,820)	(1,647)	Pooled funds: Property	(1,121)
(2,097)	(2,097)	Pooled funds: Infrastructure	(2,502)
(5,542)	(5,542)	Pooled funds: Fixed Interest	(9,910)
(726)	(723)	Interest	(1,750)
-	-	Other	(2)
<b>(17,878)</b>	<b>(18,146)</b>	<b>Total</b>	<b>(19,403)</b>

\* Analysis of investment income has been restated for 2022/23 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 2024 Market value £'000	%
LCIV Global Alpha Growth Paris-Aligned Fund	174,966	16
LCIV MAC Fund	105,490	10
LGIM	92,684	9
LCIV Emerging Market Equity Fund	117,473	11
LCIV Global Equity Focus Fund	112,602	10
Darwin Leisure Property Fund	124,085	12
	<b>727,300</b>	<b>68</b>



## Note 13a: Reconciliation of Movements in Investment

Movements in Investment Assets 2023/24	31-March-2023	Purchases	Sales	Change in market value	31-March-2024
	£'000	£'000	£'000	£'000	£'000
Equity - London CIV	150				150
<b>Pooled funds:</b>					
Equities	634,945	100,514	(156,700)	68,019	646,778
Property	107,160		(465)	(18,017)	88,678
Infrastructure	51,037		(1,876)	268	49,429
Hedge Funds	-				-
UK Impact Ventures	3,225	77		(1,072)	2,230
Pooled vehicle - Fixed interest securities	152,889	9,090		6,080	168,059
Diversified Growth Funds	-	80,000		(21)	79,979
	<b>949,406</b>	<b>189,681</b>	<b>(159,041)</b>	<b>55,257</b>	<b>1,035,303</b>
Cash and money market instruments	38,512				33,637
Investment debtors at 31 March	6,973				-
Accrued income	1,484				158
Investment creditors at 31 March	(7,664)				-
<b>Total</b>	<b>988,711</b>	<b>189,681</b>	<b>(159,041)</b>	<b>55,257</b>	<b>1,069,098</b>

Movements in Investment Assets 2022/23 RESTATED	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	479,557	(471,296)	(33,691)	634,945
Property	109,568	6,557	(3,751)	(5,214)	107,160
Infrastructure	78,934	360	(36,859)	8,602	51,037
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>492,016</b>	<b>(511,906)</b>	<b>(44,282)</b>	<b>949,406</b>
Cash and money market instruments	23,055	-	-	-	38,512
Investment debtors at 31 March	273	-	-	-	6,973
Accrued income	903				1,484
Investment creditors at 31 March	-	-	-	-	(7,664)
<b>Total</b>	<b>1,037,809</b>	<b>492,016</b>	<b>(511,906)</b>	<b>(44,282)</b>	<b>988,711</b>

## Note 13b: Investments Analysed by Fund Manager

31-March-2023 Market value RESTATED £'000	%	Fund Manager	Type of Fund	31-March-2024 Market value £'000	%
		<b>Investments managed by the London CIV</b>			
150	0	CIV 1 Collective Vehicle	Unquoted UK equity	150	0
334,189	34	CIV 2 Global Equities	Global equities - pooled funds	485,742	45
97,478	10	CIV 2 Global Equities	Global equities - segregated funds	124,085	12
152,889	15	CIV2 Global Fixed Interest	Global fixed interest - pooled funds	168,060	16
<b>584,706</b>	<b>59</b>	<b>Total managed by the London CIV asset pool</b>		<b>778,037</b>	<b>73</b>
		<b>Investments managed outside the London CIV</b>			
		<b>Equities</b>			
1,520	0	AXA Framlington IM	Global equities - segregated funds	1,557	0
102,061	10	NT Transition Account	UK Equities	160	0
<b>103,581</b>	<b>10</b>			<b>1,717</b>	<b>0</b>
		<b>Pooled Investments</b>			
103,885	11	LGIM	Global equities - pooled funds	36,875	3
7,115	1	Capital Dynamics	Pooled infrastructure fund	6,521	1
43,923	4	Global Infrastructure Partners II & III	Pooled infrastructure fund	42,907	4
-	-	Nordea Investment Funds	Diversified Growth Fund	40,137	4
-	-	Newton Investment Management	Diversified Growth Fund	39,842	4
53,442	5	Darwin Leisure Property Fund	Pooled property limited partnerships UK unquoted	37,638	4
27,767	3	UBS Global Asset Management	Pooled property unit trust UK quoted	26,513	2
25,951	3	Invesco PRS	Pooled property limited partnerships UK unquoted	24,527	2
3,225	0	Impact Ventures UK	Social Impact UK unquoted	2,230	0
35,117	4	Cash		32,154	3
<b>300,425</b>	<b>30</b>	<b>Total managed outside the London CIV asset pool</b>		<b>289,344</b>	<b>27</b>
<b>988,712</b>	<b>100</b>	<b>Total Fund Value</b>		<b>1,069,098</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	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
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 assets currently exists.	Price paid	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

## 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 2024 and 31 March 2023.

Asset type	Potential variation in fair value depending on valuation basis adopted £'000	Values at 31 March 2024 £'000	Potential value on increase £'000	Potential value on decrease £'000
Pooled property funds	+ or - 6.4%	62,165	66,144	58,186
Infrastructure	+ or - 6.4%	49,428	52,591	46,265
Social impact funds	+ or - 6.4%	2,230	2,373	2,087
CIV - unquoted UK equity	+ or - 6.4%	150	160	140
<b>Total</b>		<b>113,973</b>	<b>121,268</b>	<b>106,678</b>

Asset type	Potential variation in fair value depending on valuation basis adopted £'000	Values at 31 March 2023 RESTATED £'000	Potential value on increase RESTATED £'000	Potential value on decrease RESTATED £'000
Pooled property funds	+ or - 7.1%	79,393	85,030	73,756
Infrastructure	+ or - 7.1%	51,037	54,661	47,413
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>133,805</b>	<b>143,306</b>	<b>124,304</b>

**Note 14b: Fair Value Hierarchy**

	Values at 31-March-2023 RESTATED				Values at 31-March-2024			
	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	531,060	103,885		634,945	646,779			646,779
Property		27,767	79,393	107,160		26,513	62,165	88,678
Infrastructure			51,037	51,037			49,429	49,429
Diversified Growth Fund				-	79,979			79,979
Social impact funds			3,225	3,225			2,230	2,230
Fixed Interest	152,890			152,890	168,059			168,059
Cash and money market deposits	38,512			38,512	33,637			33,637
Cast not forming part of investments balances	24,129			24,129	4,776			4,776
								-
Amounts receivable from investment sales	6,973			6,973	-			-
								-
Accrues investment income	1,484			1,484	158			158
Debtors	2,630			2,630	4,862			4,862
	<b>757,678</b>	<b>131,652</b>	<b>133,805</b>	<b>1,023,135</b>	<b>938,250</b>	<b>26,513</b>	<b>113,974</b>	<b>1,078,737</b>
<b>Financial assets at fair value through profit and loss</b>								
Payable form investments purchases	(7,664)			(7,664)				-
Creditors	(14,640)			(14,640)	(4,697)			(4,697)
<b>Total</b>	<b>735,374</b>	<b>131,652</b>	<b>133,805</b>	<b>1,000,831</b>	<b>933,553</b>	<b>26,513</b>	<b>113,974</b>	<b>1,074,040</b>

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

### Reconciliation of Fair Value Measurements within level 3

2023/24	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	79,393		(445)	(16,783)		62,165
Infrastructure	51,037		(1,876)	(433)	701	49,429
Hedge funds	-					-
Social impact	3,225	77		(1,072)		2,230
CIV - unquoted equity	150					150
<b>Total</b>	<b>133,805</b>	<b>77</b>	<b>(2,321)</b>	<b>(18,288)</b>	<b>701</b>	<b>113,974</b>

2022/23 RESTATED	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	359	(36,859)	808	7,795	51,037
Hedge funds	-					-
Social impact	3,299			(74)		3,225
CIV - unquoted equity	150					150
<b>Total</b>	<b>158,551</b>	<b>4,110</b>	<b>(36,859)</b>	<b>208</b>	<b>7,795</b>	<b>133,805</b>

## Note 15a: Classification of Financial Instruments

	Values at 31-March-2023 RESTATED				Values at 31-March-2024			
	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	634,945			634,945	646,779			646,779
Property	107,160			107,160	88,678			88,678
Infrastructure	51,037			51,037	49,429			49,429
Diversified Growth Fund	-			-	79,979			79,979
Fixed interest	152,889			152,889	168,059			168,059
UK impact ventures	3,225			3,225	2,230			2,230
Cash and money market deposits		38,512		38,512		33,637		33,637
Cash not forming part of investment balances		24,129		24,129		4,776		4,776
Amounts receivable from investments sales		6,973		6,973				-
Accrued investment income		1,484		1,484		158		158
Debtors		2,630		2,630		4,862		4,862
<b>Financial assets total</b>	<b>949,406</b>	<b>73,728</b>	<b>-</b>	<b>1,023,134</b>	<b>1,035,304</b>	<b>43,433</b>	<b>-</b>	<b>1,078,737</b>
<b>Financial liabilities</b>								
Amounts payable for investment purchases	-	-	(7,664)	(7,664)	-	-		-
Creditors	-	-	(14,640)	(14,640)	-	-	(4,697)	(4,697)
<b>Financial liabilities total</b>	<b>-</b>	<b>-</b>	<b>(22,304)</b>	<b>(22,304)</b>	<b>-</b>	<b>-</b>	<b>(4,697)</b>	<b>(4,697)</b>
<b>Total</b>	<b>949,406</b>	<b>73,728</b>	<b>(22,304)</b>	<b>1,000,830</b>	<b>1,035,304</b>	<b>43,433</b>	<b>(4,697)</b>	<b>1,074,040</b>

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

2022/23 RESTATED	Investments	2023/24
£'000		£'000
	<b>Financial Assets</b>	
8,602	Gains on assets designated at fair value through profit and loss	74,367
(52,884)	(Losses) on assets designated at fair value through profit and loss	(19,110)
<b>(44,282)</b>	<b>Total</b>	<b>55,257</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 2023/24 reporting period, assuming that all other variables, in particular foreign exchange rates and interest rates remain the same:

Asset Type	Values at 31-March-2024	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Equities (pooled and non-pooled)	646,929	11.0	718,091	575,767
Pooled property investments	88,678	6.2	94,176	83,180
Alternatives	131,638	3.7	136,509	126,767
Pooled fixed interest	168,059	6.4	178,815	157,303
Cash, debtors and creditors	38,736	0.7	39,007	38,465
<b>Total assets available to pay benefits</b>	<b>1,074,040</b>		<b>1,166,598</b>	<b>981,482</b>

Asset Type RESTATED	Values at 31-March-2023	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Equities (pooled and non-pooled)	635,095	13.5	720,575	549,615
Pooled property investments	107,160	4.5	111,998	102,322
Alternatives	54,262	5.9	57,467	51,057
Pooled fixed interest	152,889	5.9	161,948	143,830
Cash, debtors and creditors	51,424	0.8	51,822	51,026
<b>Total assets available to pay benefits: Pooled fixed interest</b>	<b>1,000,831</b>		<b>1,103,810</b>	<b>897,850</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-2024	Impact of 1% increase	Impact of 1% decrease
	£'000	£'000	£'000
Cash held with custodian	1,637	1,653	1,621
Money market funds	32,000	32,320	31,680
Cash not forming part of investment balances	4,776	4,824	4,728
<b>Total</b>	<b>38,413</b>	<b>38,797</b>	<b>38,029</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 2023/24 reporting period, assuming that all other variables, in particular market price risk and interest rates remain the same:

Asset Type	Values at 31-March-2024	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Overseas Equities	646,702	5.6	682,917	610,487
Overseas pooled property investments	27,215	5.6	28,739	25,691
Overseas Alternatives	23,949	5.6	25,290	22,608
<b>Total</b>	<b>697,866</b>		<b>736,946</b>	<b>658,786</b>

Asset Type RESTATED	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	27,244	6.3	28,973	25,515
<b>Total</b>	<b>601,517</b>		<b>639,686</b>	<b>563,348</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 2024 was £1.6m (31 March 2023 £3.5m).

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 2024, the value of liquid assets was £854m, representing 79% of total fund assets (31 March 2023 £859m, representing 86% 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 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

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

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:

2022/23		2023/24
%		%
2.7	Rate of CPI (inflation)	2.7
2.8	Pension increase rate	2.8
4.2	Salary increase rate	4.2
4.8	Discount rate (investment returns)	4.9

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

2022/23 RESTATED		2023/24
£'000		£'000
(1,440,000)	Rate of CPI (inflation)	(1,469,000)
988,711	Pension increase rate	1,069,098
<b>(451,289)</b>		<b>(399,902)</b>

**Note 19: Current Asset**

Analysis of debtors outstanding at 31 March 2024:

2022/23 RESTATED		2023/24
£'000		£'000
	<b>Debtors</b>	
391	Contributions due - employees	1,047
2,239	Contributions due - employers	3,225
<b>2,630</b>		<b>4,272</b>
-	Amount due from Waltham Forest	-
	Sundry Debtors	584
24,129	Cash not forming part of investment balances	4,781
<b>26,759</b>		<b>9,637</b>

**Note 20: Current Liabilities**

Analysis of creditors outstanding at 31 March 2024:

2022/23 RESTATED		2023/24
£'000		£'000
(100)	Unpaid benefits	(440)
(13,733)	Owed to administering authority (LBWF)	(3,658)
(807)	Other entities and individuals	(599)
<b>(14,640)</b>		<b>(4,697)</b>

**Note 21: Additional Voluntary Contributions**

	Contributions	Market Value	Contributions	Market Value
	RESTATED			
	2022/23	31-March-2023	2023/24	31-March-2024
	£'000	£'000	£'000	£'000
Equitable Life	-	112	-	119
Clerical Medical	12	559	86	641
Phoenix Life	-	11	*	*
	<b>12</b>	<b>682</b>	<b>86</b>	<b>760</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 £742,707 for staff time and services in 2023/24 (£755,111 in 2022/23).

#### 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:

2022/23		2023/24
£'000		£'000
59	Short-term benefits	59
-	Post-employment benefits	-
59		59

## 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 2024 there were £7m of infrastructure commitments outstanding (£7m as at 31 March 2023). The Social Impact Fund had outstanding commitments of £NIL at 31 March 2024 (£0.1 million as at 31 March 2023). 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 2024

### Executive Summary

Good governance lies at the heart of London Borough of Waltham Forest Council's ability to achieve the ambitions it sets out in its corporate strategy, Mission Waltham Forest, which sets out its approach to shaping a more equal borough and tackling inequality whilst driving the transformation the Council needs to deliver this. It sets the Council's strategic direction and its ambition for the future of Waltham Forest.

In a time of increasing financial pressures and with recent examples of governance failures in the local government sector, it has never been more important to have strong governance arrangements in place. The council is committed to acting in the public interest, in managing its finances, and making inclusive, robust decisions and plans that ultimately deliver improved outcomes for those it serves.

The Annual Governance Statement (AGS) is a valuable means of explaining to the community, service users, taxpayers and other stakeholders the council's governance arrangements and how the controls it has in place manage risk and deliver its strategic outcomes. A description of the council's main governance arrangements is provided in section 2 of the AGS.

The council is required by law to conduct a review, at least once a year, of the effectiveness of its governance arrangements and communicate this publicly in an annual governance statement. Details of the council's 2023/24 review are provided in sections 3 and 4 of the AGS. The review process has been undertaken in an open and honest manner and has considered the council's performance across all its activities.

The review has identified a number of areas where arrangements can be strengthened. These are summarised below:

- The council has identified where its Constitution needs to be updated to make it accessible, internally consistent, legally compliant and fit for purpose. A programme of review has been established for the next two years to be led by the Constitution Working Group.
- The Budget and Council Tax Setting Report agreed at full Council in February included a balance position for 2024/25 and an assumption that all services would be delivered within budget. For the remaining years of the Medium-Term Financial Strategy, it included a funding gap of £13.4m for 2025/26 and £6.8m for 2026/27. To manage the immediate pressures, budget savings of £6.7m and management actions of £11.8m were designed during the latter half of 2023 and are predominantly for delivery in 2024/25. To address future funding pressures and to achieve financial sustainability, a transformation programme is being mobilised. This programme, under Mission Waltham Forest, will also transform the organisation so that it is more resilient, dynamic and capable of adapting to the ever-evolving needs of the communities.
- The council has a significant backlog of both Subject Access Requests (SARs) and complaints with the response times increasing significantly. This is coming under greater scrutiny from the Housing Ombudsman, the Local Government and Social Care Ombudsman, and the Information Commissioners Office
- Internal Audit have also raised three high priority recommendations in relation to schools in their annual audit plan.
- Continue to improve internal governance around decision making and high priority projects.
- Adult Social Care is progressing with the design and implementation of its savings plans. One of the main areas is to ensure residents in receipt of social care post hospital discharge have an early review of their care needs. Whilst a person may need a lot of initial support to help them get back on their feet and maximise their quality of life and independence, following a thorough review of their care needs their support can be reduced.

- Recent severe maladministration determinations by the Housing Ombudsman have highlighted the need for ongoing improvements in Housing, especially to the Repairs & Maintenance service. Ensuring that our tenants are safe, comfortable, and secure in their homes is a top priority and we acknowledge that we did not meet our own high standards in these cases. We have accepted the Ombudsman's findings in full and robust plans to address them have been taken forward via the Housing Transformation Programme. Individual Ombudsman severe maladministration determinations have been reported to Cabinet and regular updates on progress will now be reported through our internal governance structure.
- The council needs to ensure it has adequately prepared for the introduction of the new Procurement Act 2023, which is expected to come into force in October 2024. The Act introduces changes to requirements placed on public sector buyers, including greater requirements to publish information about procurement and contract-related decisions.
- The council is not currently complying fully with the Openness of Local Government Bodies Regulations 2014 which requires local authorities to publish delegated non-key decisions not published elsewhere.
- The 2020/21 accounts were presented at the Audit and Governance Meeting in April 2024 with delegated agreement to be signed off later that month following the external auditor final review process. The external audit opinions for 2021/22 and 2022/23 are likely to be impacted by the current proposals, led by the Department of Levelling Up, Housing and Communities (DLUHC), to clear the backlog of audit opinions of local authorities across England. CIPFA and LASAAC led the consultation on these proposals and the outcome has not yet been published. However, it is likely that all audits that have not been completed by an agreed "back stop" date will not progress but will be subject to a disclaimer opinion. The objective is that the audit for the latest set of accounts can then progress and all authorities will then be up to date. A large number of other authorities are in the same position in relation to not having audit opinions signed off. The council continue to hold Ernst & Young to account for a resolution to this issue going forward.
- Governance around the delivery of Mission Waltham Forest, to ensure delivery and accountability.

The council is committed to addressing each of these governance issues and has prepared an action plan to enable this, shown in section 4 of the AGS. Progress in implementing the action plan will be carefully monitored during the year ahead, and an update will be reported in next year's AGS.

Signed by:



Linzi Roberts-Egan  
Chief Executive

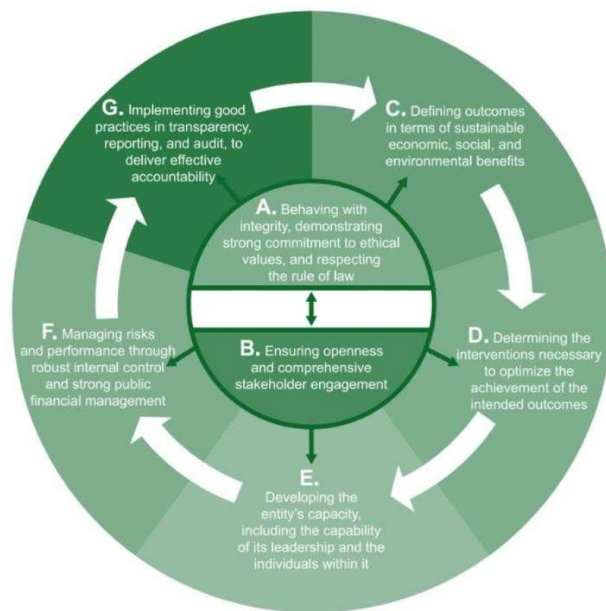


Councillor Grace  
Williams  
Leader of the  
Council

## Introduction

- 1.1 Good governance is about how an organisation such as a local authority ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 1.2 The Delivering Good Governance in Local Government: Framework (2016), published by the Chartered Institute of Public Finance and Accountancy (CIPFA), in association with the Society of Local Authority Chief Executives and Senior Managers (SOLACE), sets the standard for local authority governance in the United Kingdom.
- 1.3 The framework is designed to help local authorities develop and implement high standards of governance, to ensure that:
- resources are directed in accordance with agreed policy and priorities;
  - there is sound and inclusive decision making; and
  - there is accountability for the use of resources to achieve desired outcomes for residents and communities
- 1.4 The framework sets out seven core principles, as illustrated in **Figure 1** below, that underpin good governance in the public sector. It shows that achieving good governance is a continuous process of evaluation and review.

**Figure 1 – Delivering Good Governance Core Principles**

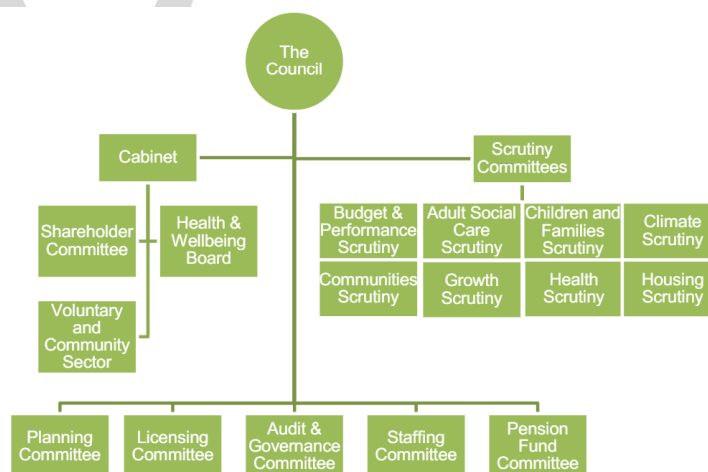


- 1.5 The AGS demonstrates how the Council's governance arrangements deliver these seven principles in practice. It is divided into the following sections:
- Section 2 – explains the key elements of the Council's governance framework.
  - Section 3 – describes how the Council has reviewed the effectiveness of its governance arrangements in 2023/24 and gives the main findings of this review.
  - Section 4 – summarises the actions the Council will take in the year ahead to address the main governance issues identified in the review of effectiveness.

## LBWF Council's Governance Framework

- 2.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and that public money is safeguarded and properly accounted for and used in a way that represents value for money. Additionally, the council has a duty under the Local Government Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 2.2 In discharging these responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs and the effective management of risk. To achieve this, the council has adopted practices consistent with the seven principles of the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).
- 2.3 The Council's approach to governance is underpinned by an ethos and shared values in which the highest standard of conduct is expected from all Members and officers.
- 2.4 A key component of governance is the council's written Constitution. This sets out how decisions are made and the procedures which are followed to ensure efficiency, transparency, and accountability to residents. A copy of the Council's constitution can be found on the council's website: <https://democracy.walthamforest.gov.uk/ieListDocuments.aspx?CId=76>
- 2.5 The Constitution defines the roles and responsibilities of the executive, non-executive, scrutiny and chief officer functions. **Figure 2**, below, illustrates the council's policy and decision-making processes, as defined by the Constitution.

**Figure 2 – LBWF Council's decision-making structure chart**



- 2.6 Another significant aspect of the council's governance arrangements is its system of internal control, which is designed in accordance with the council's key rules and procedures, including the Constitution, Code of Conduct for Employees and Financial Regulations. The system of internal control is intended to identify the risks that threaten the achievement of the council's strategic aims and objectives, to evaluate the likelihood and impact of those risks, and to manage them efficiently, effectively and economically.
- 2.7 Appendix A sets out in more detail the core elements of the council's code of governance and demonstrates how these align to the seven principles of the CIPFA/SOLACE framework.
- 2.8 The rest of section 2 highlights certain aspects of the council's governance arrangements that have seen significant developments in 2023/24.

### The Council's Corporate Governance Review

- 2.9 The Constitution Working Group regularly reviews and updates the Constitution. The overall aim is to:-
- Ensure the Constitution is compliant with relevant legislation;
  - Review the Terms of Reference for Committees;
  - Update Schemes of Delegation, Procurement Rules and Financial Regulations, including researching best practice; and
  - Update the Code of Conduct for Members and the arrangements for dealing with member complaints; and
  - Ensure the constitution is accessible.
- 2.10 The council has also reviewed its scrutiny arrangements across the council with a new structure to come into effect in May 2024.
- 2.11 The revisions to the scrutiny structure have been made to better align with the priorities for the organisation as set out in the Council's Corporate Framework: Mission Waltham Forest. The new scrutiny structure seeks to build greater accountability in the work of scrutiny through the introduction of a Coordinating committee, tasked with coordinating the annual work programmes and reports to Council, and scrutiny of council-wide issues such as performance, resident experience and equity and inclusion.
- 2.12 The Monitoring Officer is also reviewing local schemes of delegation and internal control arrangements, to further strengthen these arrangements.

### Complaints Process

- 2.13 Complaints are an important way for an organisation to be accountable to the public, as well as providing valuable insights into organisational performance and the conduct of staff providing services to residents in order to drive improvement in service delivery.
- 2.14 The council has a formal two-stage process for managing complaints. At stage 1, a complaint is passed to the relevant department, who investigate and aim to respond within twenty working days. If having received a Stage 1 response, the complainant is dissatisfied, they can raise a Stage 2 review.
- 2.15 The council's aim is to ensure that when things go wrong, it responds quickly to put things right. The council is committed to learning from and improving its performance in response to customer feedback.

- 2.16 The council is currently working through a significant backlog of both Stage 1 and Stage 2 complaints. As at 31 March 2024 there were 440 open Stage 1 complaints of which 244 were overdue. There were 53 open stage 2 complaints of which 33 were overdue.
- 2.17 To address the backlog, the council has increased the capacity of the Corporate Complaints team, to assist with eradicating the backlog and has implemented an improvement plan to improve performance going forwards. Complaints processes are included in the modernisation project which is focusing on procurement of a bespoke complaints, Freedom of Information requests (FOIs) and (Subject Access Requests (SARs) handling system, this will provide significant improvements to the process across the organisation. The council has also employed a project manager for six months to help drive the complaints turnaround times.
- 2.18 A bi-weekly Complaints Review Project Board led by the Corporate Director of Governance and Law Resources was established, to provide oversight and governance. The Project Board reviews the weekly highlight report, examines progress in reducing the backlog and oversees the service review. Responsibility for complaints, SARs and FOIs has been transferred to the Director of Governance and Law to provide a better corporate oversight.
- 2.19 Section 4 of the AGS explains how the council will monitor the implementation of this plan in the year ahead and details further actions the council is proposing.

### Budget Process

- 2.20 As outlined in Appendix A, the Council maintains a robust approach to its budget setting process to ensure that it can continue to deliver services in a sustainable way within the context of a balanced budget and medium-term financial strategy (MTFS). The Council's financial management processes are agile and able to respond to changes in the external environment in order for outcomes to be achieved, despite significant and changing pressures on resources. Other aspects of this process include:
- maintaining an annual MTFS which scans the next few years – both internally and externally – to ensure that the Council can manage its resources effectively.
  - indicative levels of Council Tax, Business Rates and Fees and Charges income to fund essential services.
  - the base budget position for the forthcoming year, including cost pressures from increases in service demand and inflation (including contract, energy and pay).
  - ensuring balances and reserves are robust and sustainable.
  - challenging budget savings proposals to ensure they are deliverable in value and on time.
  - taking the MTFS and budget reports through Budget and Performance Scrutiny to provide a further layer of due diligence.

### Responding to the impact of high inflation

- 2.21 The Consumer Prices Index rose to a peak of 11.1% in October 2022. In 2023, the average rate of inflation was 7.5% and assumptions are that it will be 3% for 2024. Despite falls to the rate of inflation during the latter part of the year the historical high inflation has had a significant impact on the council's financial planning, eroding available resources, and acting as a constraint on budgets while many residents were also struggling with rising prices. The sections below set out how the council has responded to inflation specifically and the cost-of- living crisis.

## Inflation

- 2.22 The budget for 2023/24 included a provision of 4% for the pay award but the final award averaged at 6.1% for the Council with an additional pressure of £3.1m.
- 2.23 The financial impact to the council of sharp increases in gas and electric prices were significant in 2023/24, with annual energy costs rising by nearly 700% over the past 3 years. Energy budgets for the council's corporate buildings and streetlighting will be exceeded by £2.8m in year. The medium-term energy market outlook indicates that prices will remain high for the foreseeable future. It is anticipated that energy costs will remain a financial pressure in the coming years which the Council will continue to proactively manage.
- 2.24 Inflation has also continued to impact our capital and home building programmes. Construction costs increased overall by 3.5% nationally during 2023 and capital borrowing costs remain high at over 5%. Due to this the council has had to make the difficult decision to pause a number of home building projects. This includes Avenue Road Estate Regeneration in Leytonstone, the Chingford Hub (new homes) and planned housing developments at Church Lane Car Park in Leytonstone. Additionally, the council has stopped plans to build a Lido at Low Hall due to increased costs of borrowing. It was also a key factor in putting its fully owned traded company Sixty Bricks into dormancy.

## Cost-of-Living Crisis

- 2.25 The cost-of-living crisis continues to have a significant impact on the Council's residents and businesses, and the cost-of living remains the top concern of residents (Resident Insight Survey, Autumn 2023). The council is committed to helping the borough's most vulnerable residents through the cost-of-living crisis.
- 2.26 In addition to a core offer of support that has been protected despite many years of funding pressure, significant new activity was introduced to maximise the effectiveness of the council's local response, as outlined below:
- ongoing delivery of the council's core offer of financial and advice support for residents and businesses;
  - maxi
  - building on our partnership work with the Voluntary and Community Sector to maximise the reach of cost-of living support, including through our network of community living rooms;
  - On
  - Ther

## Cyber and Data Security

- 2.27 A key element of good governance is having effective arrangements in place for the safe storage, use and sharing of data. Cyber-crime continues to grow in intensity fueled by the global political tensions that have continued over the last year. The council's ongoing programme of activity to reduce cyber risk has progressed well.
- 2.28 Current activity of significance has included:
- Specific cybersecurity staff, software and systems including Security Incident Event Managements, Security Operations Centre, Business Continuity and Disaster Recovery provision;
  - Continued achievement of Public Sector Network Certification (PSN);
  - An ongoing training and awareness programme on cyber security for all staff;
  - An ongoing mandatory training program for all staff in accordance with the NHS Data Protection and Security Toolkit (NHS DSPT) requirement.

## Commissioning and Procurement

- 2.29 The council has strong governance arrangements in place in relation to commissioning and procurement practices, to allow it to focus on maximising value for money and affordability, and on delivering user focused procured services that meet contractual commitments and are based on strong supplier relationships.
- 2.30 The council has a clear direction for Commissioning and Procurement as set out in the Procurement Strategy, which sets out the council's general approach regarding money spent with third parties.
- 2.31 The strategy is supported by the council's Contract Procedure Rules and individual service and commissioning plans. The Procurement service supports officers to comply with the legislative and governance framework for procurement and extensive suites of guidance, templates and forms ensure that important aspects of the procurement and supply process are clearly set out and available to all officers.
- 2.32 Internal challenge is delivered on significant decisions by the Strategic Commissioning Board, comprising senior managers from all areas of the council and specialist experts.
- 2.33 The council is preparing for the new Procurement Act 2023, which is expected to come into force in October 2024. The Procurement Act aims to create a simpler, more flexible, and effective procurement regime for public procurement. This includes the establishment a single digital platform for both buyers and suppliers to access procurement data, and a public debarment list for excluded suppliers.
- 2.34 While value for money will remain the core objective of procurement, the Act will require public sector buyers to take account of national strategic priorities such as creating new jobs, tackling climate change, improving the diversity of their suppliers and innovation.
- 2.35 Enhanced transparency requirements under legislation include publishing information about future procurement ahead of time, and publicising new contract opportunities, procurement results and information on contract performance.
- 2.36 The council's preparedness for the implementation of the new Procurement Act is considered in section 4 of the AGS.

## Capital Programme and Governance

- 2.37 In February 2024, Cabinet endorsed a new Capital Investment Strategy, a key component of its Budget. The strategy sets out the council's capital programme over the next ten years, which invests £745.9 million into schools, transport improvements and infrastructure, new and affordable housing development, improvements to Council owned homes and strategic corporate property initiatives.
- 2.38 The strategy demonstrates how the substantial planned investment is aligned to and delivers its strategic priorities established in Mission Waltham Forest and also that the council's investment plans are affordable to the Council and prudently managed. Additionally, to support strong financial management the strategy also established a new 'Capital Prioritisation Framework'. The framework will guide strategic decision-making around current and future capital investment to focus spend on maintaining delivery of established capital schemes, avoid the addition of new pressures to the Medium Term Financial Strategy (MTFS) and where possible, ensure investment helps to alleviate budget pressures.
- 2.39 The capital programme is underpinned by a robust delivery and governance framework, with strategic projects corporately governed by Programme Boards, with senior responsible officers, cross-council stakeholders and technical experts part of Boards. These report to the Capital Strategy and Asset Management Group (CSAMG) and Place Board which provide senior leadership and member input to both the capital programme and individual projects.



- 2.40 Complementing the capital programme, are the Property Transformation Strategy and Strategic Asset Management Plan (SAMP). Both strategies ensure that the council has a strategic, long-term approach to managing and enhancing both its corporate estate and community asset base.

### Lead the way for a net-zero borough

- 2.41 The long-term nature and impact of many of local government's responsibilities mean that it should plan for sustainable outcomes that are within its financial means, and take a longer-term view when making decisions that balance the combined social, economic and environmental impact of policies.
- 2.42 The council demonstrates this in one of its six strategic missions, to tackle the Climate Emergency head on, paving the way for net-zero in Waltham Forest. In addition to the Council Governance, we have a cross-council group to ensure we are delivering climate action, chaired by the Strategic Director for Neighborhoods and Environment and a specific Climate Scrutiny Committee. Finally, we have a Resident Climate Panel with a representative group of 100 residents to ensure we are accountable to the public but also that our climate programmes are designed effectively. The Council has a strategic risk to adequately respond to the Climate Emergency and delivery of the Climate Action Plan. The risk and responding mitigation actions are reviewed and reported on a quarterly basis.

### Review of Effectiveness

- 3.1 The council has a responsibility to conduct, at least annually, a review of the effectiveness of key elements of its governance framework including the system of internal control. The council has undertaken this review in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016). The review has drawn on the following sources of information:
- External Audit outcomes
  - Internal Audit outcomes, and the Head of Internal Audit's annual opinion
  - Audit and Governance Committee reports
  - Work of Governance Board
  - Reports from inspectorates and Ombudsmen
  - Scrutiny arrangements
  - Risk management arrangements
  - Information governance arrangements including the work of the Information Governance Board
  - Performance and budget monitoring information
  - Self-assessments undertaken by Strategic Directors Work of the Strategic Commissioning Board
- 3.2 Further details on some of the key sources of information considered in the review are set out below. In addition to this annual review, senior leadership and management routinely review elements of the governance arrangements throughout the year, to streamline and improve processes and make sure these arrangements remain fit for purpose. In particular since the arrival of the new Chief Executive in July 2023 there has been a significant change to the internal governance of the Strategic Leadership Team in relation to the discipline of meetings, with a forward plan, minutes and action logs and greater interaction with Cabinet through regular informal Cabinet meetings, Leaders Board, and Risk Boards, again which have forward plans, minutes and actions.

This governance structure aimed to ensure all high priority projects across the council have senior officer and member input and steer keeping pace with the evolution of the organisation. With the routine review of internal governance underpinned by principles the following principles:

- Enable holistic and strategic decision making.
- Embed a culture of constructive corporate performance and financial management.
- A focus on putting residents at the heart of decision making.
- Clear structures and opportunities for political and corporate input

- Break down silos and hierarchies.
- Space for thoughtful consideration and strategic thinking.
- Robust processes with flexibility to respond to urgent or emerging challenges and risks.
- Realising the golden thread between internal governance and the principles set out in Mission Waltham Forest:

## External Audit

- 3.3 The council's external auditors, Ernst & Young have not yet issued their final audit opinion on the 2020/21 Statement of Accounts. They have, however, completed their audit work and presented their provisional position to the Audit and Governance Committee in April 2024. The council faces the same delays as many other councils in the country and we are not an outlier in that respect. Despite the council putting pressure on Ernst & Young to issue their outstanding audit opinions the same remain outstanding. Nevertheless the council through the work of the Audit and Governance Committee continue to hold Ernst & Young to account and Ernst & Young regularly attend Committee to give updates on the audit opinion position,
- 3.4 Delegated authority was agreed at the April 2024 Audit and Governance Committee meeting for the chair to sign off the accounts following Ernst & Young's final review. The external audit has not reported any significant governance issues, or highlighted any material errors in the financial statements. It is anticipated they will issue an unqualified audit opinion. In previous years, external audit has consistently provided an unqualified audit opinion on the council's statement of accounts and statutory grant claims, with few adjustments required to the statements and claims as a result of their audits.
- 3.5 In the Auditor's Results Report in for 2019/20 which was presented to Audit & Governance Committee on the 1st November, Ernst & Young did not identify any significant weaknesses in the council's financial sustainability, its governance arrangements or in its arrangements for improving economy, efficiency and effectiveness in. They made the following recommendations to strengthen arrangements:

External audit recommendation	Response
Recommend that the Council undertakes a review of the governance arrangements in place in relation to its companies, taking into account and addressing the issues noted in this report. In particular, the Council should develop a governance structure that provides more effective monitoring of its dormant companies.	During 2024/25, the status of these companies will be reviewed and reported back to Audit & Governance Committee.

- 3.6 External audit did not consider the matters above to be significant governance issues. The audit opinion for the 2021/22 and 2022/23 accounts are still outstanding. Delays in Audit firms in undertaking audits of local authorities are widespread across the sector and were first highlighted by Sir Tony Redmond's independent review of local authority financial reporting and external audit in 2020.
- 3.7 The reasons for the continuing delay in publishing audited accounts are complex. Recent uncertainty over how to value infrastructure assets meant many audit opinions were delayed during 2022 and the beginning of 2023. Whilst CIPFA has now provided clarity on infrastructure assets, during this period a significant backlog of audits has built up, and a lot of audit resource is now being absorbed in resolving the backlog. Other factors contributing to the delays include capacity problems within audit firms and difficulties retaining experienced auditors, the increasing complexity of local authority audit work, and the lack of a sector leader for local government audit to co-ordinate and respond efficiently to emerging risks and issues where a national steer is required.
- 3.8 The timely completion of external audits is vital in providing local authorities with accurate and reliable financial information to plan and manage their services and finances effectively. It ensures local authority financial arrangements, including whether value for money is being achieved, are transparent to the taxpayer, and facilitates assurance for the public sector more broadly through the audit of the Whole of Government Accounts.
- 3.9 To resolve this backlog, a ministerial statement was issued last summer settling out the Government's proposal to re-establish the local authority audit framework on a more sustainable basis, with a focus on providing assurance on public bodies' most recent financial information. The Government's proposals will help to reset local authority audits, with auditors able to focus on providing assurance on public bodies' most recent financial statements. Additionally, there will be benefits to authorities in reducing demands on teams by allowing them to focus on the most recent financial year.

3.10 The proposals are intended to seek to use:

- Use legislation to set statutory deadlines (backstop dates) for account preparers and auditors to clear the backlog, acknowledging this will result in qualifications and disclaimers of opinions in the short term. This is currently expected to be 30 September 2024.
- Continue to require auditors to report on value for money, alongside existing statutory powers.
- Find a sustainable solution for the future, which may require:
  - Changes to the CIPFA code for preparation of accounts;
  - An audit approach that seeks to rebuild assurances on account balances over a period of time rather than in the first year following a qualification (disclaimer or scope limitation);
  - Developing an escalated reporting framework for audit firms and local bodies to resolve issues ahead of statutory deadlines; and
  - Continued investment in the capacity in the audit market.

3.11 The consultation on these proposals was completed in mid-March 2024 but an update on next steps and timelines have not yet been provided. For the Council, as the audits for 2021/22 and 2022/23 have not been scheduled by Ernst & Young, it is unlikely that they will be completed by the backstop date and therefore, it is probable that they will be subject to a disclaimer.

3.12 For 2023/24, the Council will have new external auditors, KPMG. If legislation on the backstop dates progresses before June and the disclaimer position is resolved for 2021/22 and 2022/23 during the summer, KPMG are scheduled to start the 2023/24 audit in the autumn and have it completed before the end of the calendar year.

### Internal Audit

3.13 The council's Internal Audit annual plan sets out a programme of work designed to provide assurance to the Section 151 Officer, management and Members that, in relation to areas included in the audit plan, the council complies with relevant laws, regulations, internal policies and procedures and has taken action to mitigate principal risks.

3.14 The 2023/24 Internal Audit plan included 794 planned days of audit work. This resulted in the delivery of 58 audits, covering all the council's directorates, as well as cross-cutting themes.

3.15 Follow up of audit recommendations in 2023/24 demonstrated a good level of engagement from directorates. All recommendations were found to be implemented or partially implemented at follow up, with a further programme of work being undertaken in the first quarter of 2024/25 to assess the implementation of open actions. Residual risks will be closely monitored through follow-up audits in 2024/25.

3.16 The Internal Audit service continues to be effective, complies with Public Sector Internal Audit Standards (PSIAS), and provides the necessary skills and expertise to deliver a cost effective, value added, service to the council, its partners, and stakeholders.

### Member Complaints

3.17 The Monitoring Officer is responsible for considering whether complaints about a breach of the Code of Conduct for Members should be investigated, and for hearing complaints which have been investigated.

3.18 The Monitoring Officer deals with all complaints against members in consultation with the Council's statutory independent person. Six complaints were referred to the Monitoring Officer to deal with alleging breaches of the Council's Code of Conduct by Members, none of which were upheld. This compares to nine complaints being received in 2022/23 of which two were upheld.

A summary of the six complaints is provided below.

- Complaint One

A complaint about a Councillor alleging that he had lied in relation to a consultation with the London Ambulance Service back in 2020 and 2021. The Council's procedure for investigation of complaints against members states that certain complaints including those which relate to matters or events more than 3 months before the date of the complaint are normally not suitable for investigation, save where the Monitoring Officer accepts there are exceptional circumstances.

The matters related to 2020 and 2021 and were over two years old. Furthermore, the issues had already been the subject of previous complaints which had been dealt with and led to the imposition of an unreasonable behaviour order against the complainant.

Accordingly, no further action was taken in relation to this matter.

- Complaint Two

The complaint against the councillor related to the issue of a PCN whilst entering a 'School Street' during restricted hours.

The PCN was appealed, and the Independent Adjudicator upheld the council's position. The resident has queried the matter with the councillor notwithstanding that there is a clear procedure to deal with PCNs.

The councillor sent 6 emails by way of response to the various queries that the resident has raised. There was nothing wrong with the tone of the emails from the councillor who had tried to be helpful.

There were no issues from a code of Conduct perspective on the part of the councillor and no further action was taken.

- Complaint Three

The complainant was not happy with the way the council undertook some consultation and criticised the Councillor for 'liking' a post on social media which related to the consultation.

Firstly, the capacity in which the councillor was engaged on the social media site was in a private capacity rather than any official capacity which meant that the matter was not within the jurisdiction of the Monitoring Officer to investigate.

The councillor has legitimately exercised her discretion to like certain posts which was perfectly reasonable. She couldn't be expected to like posts that she didn't agree with.

It was not the councillor's responsibility to explain the steps officers took to consult/engage local residents. The complainant should have raised any concerns directly with the Council and if she was unhappy with the lack of formal consultation then the proper avenue of redress was through the Council's Corporate complaints system, not through 'chat' on a Facebook page. No further action was taken.

- Complaint Four

A councillor made a complaint about an opposition councillor in relation to an alleged defamatory letter concerning a ward forum event. Complaints between members are normally left to the political groups to sort out unless the Monitoring Officer considers that there are exceptional circumstances that warrant an investigation.

No formal action was taken but both groups agreed the wording of a new protocol setting out the governance for future ward forum events.

- Complaint Five

Complaint from a councillor about his treatment at a Planning Committee – He alleged that he was not provided with answers to some of the questions he put to officers at a planning committee and blamed the chair of the Committee for not allowing sufficient time for answers to be given to him before moving to the vote.

Following an initial investigation, it was apparent that at the relevant committee meeting the Planning Officer gave a detailed report and presentation, including visuals. Following this, three members of the public who had registered to speak all had their allotted three minutes to make their submissions. The applicant also was given speaking rights.

The Planning Officer gave his response to all the points raised by members of the public.

After this, the item was referred to committee members for questions, debate and decision. There were detailed responses to all these. Following this, the motion was moved and seconded. It is the Chair's responsibility to consider whether there has been sufficient debate and the Chair was of the view that the committee had fully debated the matter.

The Terms of Reference of Planning Committee state that the Chair should decide when the debate is finished. In this case, the Chair reasonably believed that the Committee had debated the application fully. The committee service officers and Senior Planning lawyer at the meeting had no concerns about the way the decision was taken or that there had not been sufficient debate.

In terms of lawfulness, it is for each councillor to be satisfied that they have enough information to make a decision, none of the other councillors raised this as a concern – if a councillor felt he/she didn't have enough information to make a decision he/she could have requested a deferral which could have been moved, seconded and voted on. Accordingly, no further action was taken.

- **Complaint Six**

A number of complaints were made against a councillor in relation to comments the member had posted on social media concerning the member's view on Israel and Hamas. Given the political sensitivity of the matters external solicitors were commissioned to investigate the matter. They concluded that there had been no breach of the Code of Conduct and that although the councillor was acting in an official capacity the member was entitled to freedom of expression in this matter.

## Risk Management

3.19 The review of the Risk Management Strategy was agreed by the Audit and Governance Committee in July 2022. The Strategic Risk Register was presented to the Committee in January 2024 in line with the agreed reporting cycle.

The key highlights are shown below-

- Financial stability and resilience - High inflation and demand for Council services are having a significant impact on the council's budget. The budget setting process for the 2024/25 financial year has been particularly challenging amidst great economic and political uncertainty. There is a significant budget gap to close over the medium-term outlook.
- Volatility in the energy market - An unpredictable fuel and energy market has given rise to significant risk to the council's energy purchasing, and is expected to remain high until the end of the war in Ukraine.
- Declining financial resilience of residents - the cost-of-living crisis is likely to remain over the next few years and will present challenges for residents to remain financially resilient, a significant proportion of whom already face long term income deprivation.

3.20 Section 2 of the AGS sets out the arrangements the council has in place to manage these risks, including flexible and robust medium term financial planning arrangements

CIPFA Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the FM Code authorities can demonstrate their financial resilience in meeting foreseen demands and unexpected financial shocks. The Medium-Term Financial Strategy is prepared in line with the FM Code.

## Freedom of Information and Subject Access Requests

3.21 In 2023/24, the council received 1733 Freedom of Information requests, an increase of 1 % compared to the prior period. The council responded to 100% of requests within 20 working days, which is above the Information Commissioner's Office (ICO) expectation. Subject Access Requests, an increase of 84 % requests compared to the prior period and responded to 51% within the target timeframe. At least 20% of the Individual Rights Requests are for children's social care files which are complex and often involve a significant number of paper files that must be scanned, reviewed and redacted. This is a complex process which can exceed the statutory timeframe. As at March 2024 there were 45 live SAR requests, of which 15 remained overdue. A new project manager and three additional temporary staff have been recruited to clear the backlog over the next few months.

3.22 A review is underway which will centralise the teams that deal with Complaints, Freedom of Information and Subject Access Requests under the Governance /and Law team. The wholesale review of processes will ensure they meet the new Standards of the Complaints Code of Practice issued by both the Local Government and Social Care Ombudsman and the Housing Ombudsman and the procurement of a new case management system. It is expected that these changes will improve response times and reduce the current backlog of both complaints and Subject Access Requests.

## Data Protection

- 3.23 The ICO carry out compulsory audits or ask organisations to participate in a 'consensual' audit. The council has not been required to participate in any audits by the ICO in 2023/24. The council is required by law to refer data breaches to the ICO where they meet the threshold for reporting. One incident was reported to the ICO in 23/24 where a third-party provider failed to follow established operational security processes standards in 23/24
- 3.24 Individuals are entitled to escalate complaints to the ICO, where they have a Freedom of Information or Data Protection concern, for example a late/incomplete subject access request, or alleged data breach of data protection legislation. The ICO can issue a decision notice in response to an FOI complaint (this can be for or against the council). The ICO can also issue practice recommendations or fines in relation to breaches of data protection legislation. There have been no decision notices or practice recommendations issued against the council in 2023/24.
- 3.25 Individuals are entitled to appeal an ICO decision notice or data protection complaint to the First Tier Tribunal (FTT). Whilst these appeals are against the ICO, the council can be added as a second respondent by the ICO or the FTT. The council was not added as a second respondent to any FTT complaints in 2023/24.

## Care Quality Commission and Ofsted

- 3.26 The Care Quality Commission (CQC) is an independent regulator of health and social care in England. No inspections were undertaken of Adult Social Care in 2023/24. However, the last decade has seen adults' budgets cut by 50% up and down the country and there is no sign of a long-term funding solution. It is a position that is financially unsustainable for councils. In addition, since Covid, demand has significantly increased in terms of volume and acuity due to the NHS' policy of Discharge to Assess (D2A) causing many social care departments to overspend as Councils have never been funded to provide NHS care and this is financially unsustainable. Furthermore, the national Fair Cost of Funding exercise has caused all nursing, residential care and home care providers to increase their prices, the London Living Wage has increased prices and the Cost-of-Living Crisis has impacted upon residents and providers alike. Adults' services priority over 24/25 is to deliver a reduced overspend and regain control of the budget despite these significant national pressures, and to improve health and wellbeing outcomes for the Council's residents who need to access adult social care.
- 3.27 Ofsted is a government department that inspects services providing education for learners of all ages. Ofsted reports are published on its website. The latest Ofsted reports for 2022/23 show that of the council's maintained schools:
- ( 17) schools are Outstanding
  - ( 80% ) schools are Good
  - ( 1 ) school Requires Improvement

## Local Government and Social Care Ombudsman and Housing Ombudsman

- 3.28 The Local Government and Social Care Ombudsman (LGSCO) conducts independent, impartial investigations of complaints about service failure and maladministration in Local Authorities, in line with Part III of the Local Government Act 1974. The LGSCO sends the council annual reviews of its performance, they are reviewed by SLT and the Audit and Governance Committee.
- 3.29 The latest available Annual Review letter dated 19th July 2023 covering the period 2022/23, shows the LGSCO upheld 78% of complaints against the council (compared to a sector average of 77% and were satisfied the council had successfully implemented its recommendations in all cases. The council provided a satisfactory remedy before the complaint reached the Ombudsman in 19% of upheld cases (compared to an average of 14% in similar organisations). Compensation paid for the financial year 2022 – 2023 was £30,132.00 (£21,767.00 was paid by Education & Childrens Services)

The Housing Ombudsman (HO) resolves disputes involving the tenants and leaseholders of social landlords and is the final stage for complaints that have already been responded to as part of the council's internal complaints process. The latest available report on the HO website shows that in 2022/23, 18 cases were determined by the HO, and 8 were determined as maladministration or service failure. The council complied with all HO orders within six months and paid out £20,200.00 in compensation.

- 3.30 Whilst these reports, from 22/23 do not highlight any significant governance issues, in 2023/24 the council has become the subject of increasing scrutiny from the HO and LGSCO. The Council has seen a significant increase in the number of complaints made to the council and in its response times, to a point where the council now has a significant backlog of complaints to process. Measures already taken by the council to try and address this were highlighted in section 2 of the AGS.
- 3.31 In the Financial year 2023/24 two severe maladministration orders were received from the Housing Ombudsman totaling £13,250.00 in compensation payments. One Public Interest Report was published by the Local Government & Social Care Ombudsman in February 2024.
- 3.32 The council has implemented a plan to address the backlog of complaints and is proposing further improvements to the arrangements in the coming year. Section 4 of the AGS summarises the actions proposed.

### **Performance and budget monitoring information**

- 3.33 A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it enforces financial discipline, strategic allocation of resources, efficient service delivery and accountability.
- 3.34 85% of the capital programme was delivered with forecast capital expenditure of £124.9m against a 2023/24 budget of £147m). In addition to the capital programme budget the council also spent £56.7m in-year through the strategic acquisition of 197 homes at Osier Way as part of the Refugee Housing programme. The majority of this budget is forecast to be spent in-year. Combining the overall capital programme and Osier Way acquisition the total annual capital outlay is £180.8m against a budget of £203.6m (88% of budget spent).
- 3.35 The financial position of the Council's schools remains challenging, mirroring the national picture with schools facing increasing cost pressures.
- 3.36 The council is currently formulating recovery plans to ensure schools future sustainability. This issue will be monitored through section 4 of the AGS.

### **Self-Assessment**

- 3.37 In accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016), a self-assessment of the effectiveness of governance arrangements was completed in April and May 2024 by each directorate, to inform the AGS. Where these selfassessments identified particular governance issues or areas where improvements are needed, these are detailed in section 4 of the AGS.

## Review of Effectiveness

4.1 A key element of the annual governance statement is to identify any significant governance issues. Table 2 below summarises the governance issues which management will continue to monitor and address in the year ahead.

Governance issue	Action	Responsible Officer	Target Date
<p>The council make any necessary changes to its Constitution including:</p> <ul style="list-style-type: none"> <li>Scheme of Delegation</li> <li>Changes to improve accessibility</li> </ul>	<p>The Constitution I Working Group will oversee this work and recommend to Audit and Governance Committee and then Full Council the necessary revisions to the constitution</p>	<p>Corporate Director of Governance and Law</p>	<p>March 2025</p>
<p>The council has a significant backlog of complaints and SARS, and the response times have been impacted negatively. There is increased scrutiny from the Housing Ombudsman and the Local Government and Social Care Ombudsman. The SARs backlog will become a concern for the ICO if it is not brought into line with their statutory response timelines.</p> <p>The complaints process is an important way service users and the public can hold the council to account. A deterioration in this process can erode the council's ability to demonstrate ethical conduct and the delivery of desired outcomes.</p>	<p>Implement and monitor delivery of an improvement plan to address the backlog of complaints and SARS. This plan includes increasing the capacity of the corporate complaints team, changes to working practices, and procuring a bespoke case management system which will significantly improve the customer journey as well as providing robust and accurate performance data.</p> <p>Other plans include implementing:</p> <ul style="list-style-type: none"> <li>A performance dashboard for the department to track progress, risks, issues and mitigation plans across the financial year.</li> <li>Quarterly feedback reporting on complaints, Subject Access Requests and MEs.</li> </ul>	<p>Corporate Director of Governance and Law</p>	<p>December 2024</p>
<p>The approach to internal governance was refreshed in August 2023, and is set to again in April 2024.</p> <p>The approach seeks to embed principles to create a more collective approach to decision-making to deliver on the ambition for residents.</p> <p>This governance structure aimed to ensure all high priority projects across the council have senior officer and member input and steer.</p> <p>Our Missions as set out in Mission Waltham Forest must be at the heart of decision making. Ensuring leadership throughout the organisation is open about the issues, challenges, and doing things differently, by identifying opportunities to reduce inequalities and promote equity within the organisation and borough.</p> <p>Adult Social Care – improvement of services/delivering savings under the review has identified a number of areas where arrangements can be strengthened.</p>	<p>Review of internal governance to take place every six months.</p> <p>Undertake alignment exercise and approach with the formal governance forward plan to ensure early steer and strategic oversight.</p> <p>Implement any changes from the April 2024 review and embed across the organisation.</p> <p>Adult Social Care is focusing on the completion of early reviews of care to ensure that support meets people's needs appropriately. The director is leading this work, and the delivery team set tight targets and work directly to the director.</p> <p>This work will be overseen monthly by the transformation, strategic leadership teams and the lead Cabinet Member for adults.</p>	<p>Corporate Director, Comms &amp; Leadership Office</p>	<p>Every 6 Months – Oct 24, Apr 25</p>



Governance issue	Action	Responsible Officer	Target Date
<p>Recent severe maladministration determinations by the Housing Ombudsman have highlighted the need for ongoing improvements in Housing, especially to the Repairs &amp; Maintenance service. Ensuring that our tenants are safe, comfortable, and secure in their homes is a top priority and we acknowledge that we did not meet our own high standards in these cases.</p>	<p>We have accepted the Ombudsman's findings in full and robust plans have been taken forward via the Housing Transformation Programme.</p> <p>Individual Ombudsman severe maladministration determinations have been reported to Cabinet and regular updates on progress will now be reported through our internal governance structure.</p> <p>As part of our Housing Transformation Programme we have or are in the process of implementing a number of service improvements to improve resident experience. These include:</p> <ul style="list-style-type: none"> <li>• Establishing a Damp &amp; Mould Taskforce and a 'zero tolerance' approach to damp and mould.</li> <li>• Improving repairs performance through: <ul style="list-style-type: none"> <li>• Reducing our repairs backlogs</li> <li>• Ensuring that better controls and supplier coordination measures are in place to ensure progression of works beyond the initial attendance/inspection.</li> <li>• Addressing keeping appointments with our repairs &amp; maintenance partners through contract management.</li> <li>• Developing a complex case tracker to ensure greater focus on complex repairs.</li> <li>• Delivering coaching around customer service with our partners to promote consistency.</li> <li>• Being more proactive in terms of picking up trends which could indicate wider service failures, including listening to calls and identifying value and failure demands.</li> <li>• Asking for comments when residents respond positively to TSMs.</li> <li>• Introducing a new post inspection regime in September 2023 to assess quality of works</li> <li>• Implementing a new Access Policy to address barriers to carrying out important repairs.</li> </ul> </li> <li>• Taking a more empathetic and proactive approach to resolving complaints. We are training our teams to be transparent in how they respond to complaints, recognising fault where it occurs and acting swiftly to address issues and provide appropriate compensation. In April 2023 we carried out a process mapping review of our Stage 1 complaints, reducing turnaround times to 10 days.</li> <li>• Reviewing how we handle and respond to cases of ASB through development of a new ASB procedure. In addition, we have enhanced capacity in this team by appointing an additional ASB Lead for Housing.</li> <li>• Implementing a new Succession Policy and training tenancy staff on how to support residents with succession and the death of a tenant.</li> </ul>		

Governance issue	Action	Responsible Officer	Target Date
The new Procurement Act 2023 is expected to come into force in October 2024. This will introduce changes to requirements placed on public sector buyers, including enhanced transparency requirements to publish information about procurement ahead of time, and publicise new contract opportunities, procurement results and information on contract performance.	<p>Review and update as necessary current Contract Procedure Rules, written procedures, intranet guidance and procurement documentation to ensure compliance with the new Procurement Act.</p> <p>Ensure officers receive adequate training (utilising the Cabinet Office's learning offer) and guidance on the requirements of the Act and the operational and governance changes that will be required.</p> <p>Review procurement pipeline to determine risks and opportunities with commencing new procurement projects under the current or future regimes.</p>	Corporate Director of Return on Investment	September 2024
The council is not currently complying fully with the requirements of the Openness of Local Government Bodies Regulations 2014 which requires local authorities to publish delegated non-key decisions not published elsewhere.	Ensure information on the council's website is fully compliant with the regulations.	Corporate Director of Governance and Law	November 2024
<p>External audit's opinion on the 2020/21, 2021/22 and 2022/23 accounts has not yet been issued, reflecting sector-wide delays in publishing audited accounts. The 2020/21 accounts will be presented to Audit and Governance Committee in April 2024 and will be signed later that month.</p> <p>To be able to effectively plan and budget for the future, the council needs accurate and timely information about its financial position, which is confirmed in the publication of audited accounts.</p> <p>Untimely audits can contribute to governance failure if warning signs are not communicated in time, or with sufficient clarity. Continued delays could erode transparency and public confidence in how taxpayers' money is spent.</p>	<p>Work with Ernst &amp; Young to plan and coordinate the delivery or resolution of the outstanding audits in accordance with legislation.</p> <p>Engage with the new auditors, KPMG, for the 2023/24 audit to develop an agreed plan to deliver all requirements within the required timescale.</p>	Strategic Director of Resources	September 2024
We must ensure appropriate governance arrangements are in place to drive implementation and provide oversight of Mission Waltham Forest	<p>Undertake service planning process to establish how all council services will support and monitor their delivery of Mission Waltham Forest.</p> <p>Establish new engagement approaches with elected members to secure input, steer and oversight of Mission Waltham Forest delivery, and establish approach to scrutiny reporting.</p> <p>Establish new engagement approaches with staff to give them a strong voice in how we deliver Mission Waltham Forest and empower them to lead this.</p>	Corporate Director of Strategy & Change	September 2024

## Conclusion

4.2 The council has identified a number of governance issues and has proposed a set of actions to address them, as outlined in Table 2 above. It will continue to monitor and address these in the year ahead, and report progress in next year's Annual Governance Statement.

The next section details the key elements of the council's governance framework, and demonstrates how these align to the core principles of good governance set out in the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)

## 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