



Statement of Accounts

Lambeth Council • 2021/22


Lambeth

Contents

The council's Statement of Accounts for the year 2021/22 has been prepared in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United

Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) for 2021/22. The code incorporates relevant accounting standards, including International Financial Reporting Standards,

International Public Sector Accounting Standards and Generally Accepted Accounting Practice (UK).

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1.

Narrative Report by Chief Financial Officer

Narrative Report by Chief Financial Officer



Duncan Whitfield

Interim Corporate Director of Finance and
Governance and Section 151 Officer

I am pleased to present the council's 2021/22 statement of accounts.

This foreword provides a guide to the most significant matters reported in the council's accounts. Lambeth's financial statements for 2021/22 have been prepared in accordance with the standard format for local authority accounts as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom, which is in turn based on the International Financial Reporting Standards.

The foreword provides:

- An introduction to Lambeth and the Borough plan
- Overview of the financial context the council operates in and summary of the council's Medium Term Financial Strategy
- Commentary and review of the council's key achievements during 2021/22
- Summary of financial performance for various elements of the council's financial structure
- An overview of performance across the council
- Explanation of the key financial statements

FINANCIAL CONTEXT

Like the rest of local government and the wider public sector, the council is continuing to face major pressures on services following the outbreak of the global coronavirus pandemic the outcomes of which continues to impact the lives of so many people.

During what is a difficult time for our borough and our country, we have mobilised our staff and partners to continue to provide critical services for our community. Our approach has been strongly rooted in the ambitions and themes of Lambeth's Borough Plan.

The pandemic and subsequent lockdown has impacted on the nature of the services we deliver and

how we deliver them. As would be expected in an emergency, we have responded at pace to protect those who have needed it. We have stepped in to ensure the most vulnerable have homes, food and social contact. Such a response has required, in some cases, a fundamental reimagining of how we deliver services and has, inevitably, created a series of financial pressures and funding challenges.

At the same time, the global pandemic is having a fundamental and negative impact on the economy and presents a series of significant challenges for the economic health of the country and its public finances in both the short and medium term. As such, the outlook for local government funding remains unclear.

Prior to the outbreak, the council was already addressing the challenge of cumulative annual cuts to Government funding, which alongside other spending pressures such as rises in the cost of living and an ageing population, have left the council with substantial budget pressures.

INTRODUCTION TO LAMBETH AND THE BOROUGH PLAN

Lambeth is a borough of huge diversity, energy and possibility. We have long been home to radicals and reformers, entrepreneurs and innovators - people who work together to help change the lives of others and their own. For hundreds of years, we have welcomed new communities who have left a unique cultural imprint on our borough and today is no different.

We all know that we are now living and working in a volatile and uncertain world, with increasing and changing challenges, the outbreak of war in Ukraine, an unstable economy with rising inflation, the threat of a changing climate and the reduction in funding to local government and the continuing risk from Covid. Local areas need to work in new ways, with strength and creativity to tackle these challenges.

Through Lambeth First - a partnership between the council, the NHS, businesses, community groups and charities across the borough - we have brought together feedback from residents and identified 20 goals across five pillars:

- Enabling sustainable growth and development
- Increasing community resilience
- Promoting care and independence by reforming services
- Making Lambeth a place where people want to live, work and invest
- Being passionate about equality, strengthening diversity and delivering inclusion

We are committed to delivering great services to the people who live and work in Lambeth. To make sure we are on track with the delivery of the Borough Plan we constantly monitor our performance against a number of indicators to see how we are doing and where we could do better.

View our borough plan goals:

<https://beta.lambeth.gov.uk/sites/default/files/2021-03/lambeth-borough-plan-goals-2020.pdf>

MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2022/23 TO 2025/26

The Medium Term Financial Strategy was agreed in March 2022 as part of the council's budget and council tax setting report. This sought to provide the financial framework for the four years from 2022/23 to 2025/26. This considered experience of the beginnings of the economic recovery from the pandemic on the council's finances and identified a balanced funding position net of £21.5m savings already agreed.

No new savings were proposed at that time; however, this must be considered in the context of the uncertainty around the funding situation from 2023/24 onwards with many major changes such as the Fair Funding Review, Business Rates baseline reset and the implementation of social care reforms to come.

The main objectives of our MTFS are to:

- Prioritise our resources in-line with the council's Borough Plan, and to ensure we achieve our five goals.
- Maintain a balanced budget position, and to always set a MTFS which maintains and strengthens that position.
- Provide a robust framework to assist the decision-making process within the council.
- Manage the council's finances with a forward looking four year rolling strategy.
- Deliver value for money to our taxpayers
- Exercise probity, prudence and strong financial control.

- Manage risk, which includes holding reserves and balances at an appropriate and sustainable level.
- Continually review budgets to ensure resources are targeted on our key priorities.

The council continues to face a very uncertain time, even with the first multi-year Spending Review (SR21) since 2015, the provisional settlement announced in December 2020 was for one year only. Whilst there are encouraging signs of increased funding from the provisional settlement and SR21 in the first year, the final two years are already below the levels required. In addition to inflation there are also likely to be significantly new costs resulting from social care reforms, adding to the existing demand pressures placed on our already stretched services and budgets and responding to a global pandemic.

Also, we will need to consider how the council remains financially resilient and sustainable in what are very uncertain times for our borough and our country. Our current MTFS will continue to be developed to ensure that it underpins and supports the delivery of our Borough Plan priorities.

As a result of the outturn of the council's financial position for 2021/22, a number of pressures have been identified which will have ongoing implications in terms of the revenue funding deficit of the budget. These pressures are addressed as part of the work to update the MTFS. This has been reported to Cabinet in July 2022.

REVIEW OF THE 2021/22 FINANCIAL YEAR

Covid response

The Covid-19 virus posed the biggest challenge for Governments – local and central – in decades. The rapid spread of the pandemic has led to the deaths of 689 Lambeth-registered residents. Each and every death is a tragedy. Every positive case required support and help, of some kind. Over 111,000 positive confirmed cases were recorded in the borough in the year.

While the human and social cost of the pandemic is incalculable, we know that many people lost their jobs, saw their income affected and – in many cases – had to completely self-isolate for an extended period to remain free of the virus themselves. However, the mental health impact of lockdown has yet to be fully quantified – but there is wide acceptance that the pandemic has hit the local economy hard and that Voluntary and Community Service (VCS) groups and advice agencies have been overwhelmed with people needing help.

Lambeth's Covid-19 response was rapid, effective and had local people at its heart. It has demonstrated our ambition of 'shared endeavour' across all of our partners, pulling together to keep Lambeth Safe.

More details on Lambeth's Covid-19 response can be found here (PDF)
<https://www.lambeth.gov.uk/sites/default/files/101629%20c-19%20response%20report%20WEB2.pdf>

Towards the end of 2021/22 we saw the lift of covid restrictions and began to adapt to living with and managing the virus, whilst also coping with further spread of the Omicron wave of Covid-19. This is continuing to impact health services as well as the economy in general, whilst front line services have continued to face the combined challenges of increased demand and staffing shortages, particularly of social workers.

Positive action to secure Net Zero

We have made a bold commitment to lead by example and reduce our carbon footprint to zero by 2030. Our corporate carbon reduction plan sets out how we will make the council's operations carbon neutral by 2030.

In 2019, Lambeth Council was the first London borough to declare a climate emergency. This step was taken in response to the alarming and widespread impacts of global warming we are seeing across the world. As part of this declaration, the council committed to reducing carbon emissions in Lambeth and adapting to the changes we will inevitably see at a local level.

Lambeth Council hosted a virtual Citizen's Assembly from 25th May to 3rd July 2021 to engage stakeholders to agree on appropriate targets and how we will reach this ambition. That innovative and rich engagement with residents has helped drive and shape the Council's Climate Action Plan, which was launched in March 2022.

Homes for Lambeth

Homes for Lambeth (HFL) has a clear purpose: to meet the demands of the current housing crisis by providing homes through the biggest housebuilding programme the council has launched for a generation.

There are currently over 38,000 households on the council's waiting list for social housing (including 5,900 tenants waiting to transfer).

There are over 3,150 households in temporary accommodation, including more than 4,500 children, who the council provides with temporary accommodation every night. This housing crisis is being addressed by building more homes, especially genuinely affordable homes for council rent.

Lambeth's planning committee has approved four new schemes: the sites that have secured planning consent will deliver 253 new homes with a further 268 new homes under consideration.

Cost of living crisis

The end of 2021/22 saw Lambeth residents likely to be pushed into poverty. Tackling poverty forms a key part of several policies and strategies including the Food Poverty and Insecurity Plan and the draft child poverty paper. Work is ongoing to improve coordination of strategy and operational activities to deal with the anticipated new level of challenge.

Delivery in Numbers (2022)

 26,067 people who accessed household support fund	 17,851 Covid-19 related grants paid out by the council to help businesses	 1,460 apprenticeships started in Lambeth
 120,619 housing repairs	 31,869 school places provided in the borough	 26,316 people who received council tax support
 10,373 children who took part in holiday food and fun programmes	 350,985 book loans from Lambeth libraries	

SUMMARY OF FINANCIAL PERFORMANCE IN THE YEAR

General Fund

The council incurred £41m of additional spend in year arising from the Coronavirus pandemic before covid related grants were applied. Most of these costs have been covered via covid grants.

The council incurred a net overspend of £7.209m in 2021/22. This is mostly due to Children Services, social care and placement costs. The overspend will be fully covered from underspends in Corporate Items.

Across all Directorates £2.109m of agreed 2021/22 savings have been delayed and rolled into next year, mostly in Resident Services. It will be important to deliver these savings next year to ensure the council remains within its budget over the medium term.

Earmarked reserves have been used to balance the end of year position across services.

Dedicated Schools Grant

The Dedicated Schools Grant (DSG) has faced pressures within the High Needs Block relating to Special Education Needs placements. The pressures relate to continuing growing numbers and costs of Education Health and Care Plans despite more generally falling rolls.

Dedicated Schools Grant (DSG)	Budget £000	Outturn £000	Variance £000
Schools Block	148,347	148,457	110
Central School Services Block	1,181	1,181	0
Early Years Block	25,782	25,511	(271)
High Needs Block	48,257	50,616	2,359
De-Delegated & others brough forward	(473)	72	545
Total Expenditure	223,094	225,837	2,743

At the end of the financial year the DSG balance on the balance sheet is a deficit. As the DSG is ringfenced, the deficit will need to be recovered from future years DSG allocations.

Housing Revenue Account

The Housing Revenue Account (HRA) had a favourable outturn. This was due to a large programme of in-year budgetary savings, cost reductions, appropriate capitalisation and income achievement. Though these were offset by continuing pressures on the legal costs of disrepair.

Housing Revenue Account	Budget £000	Outturn £000	Variance £000
Housing Services	65,248	67,864	2,616
Central HRA Budgets & Transfers to Reserves	(82,804)	(96,245)	(13,441)
Strategic Programmes	17,556	17,467	(89)
Housing Revenue Account (HRA)			
Income	(175,570)	(202,034)	(26,464)
Expenditure	175,570	191,120	15,550
Net	0	(6,924)	(6,924)

Financial Performance by Directorate

Directorate		Annual Budget £000	Outturn £000	Outturn Variance £000
Adults And Health	Income	(68,860)	(107,815)	(38,955)
	Expenditure	166,149	205,099	38,950
	Net	97,289	97,284	(5)
Children's Services	Income	(17,767)	(21,421)	(3,654)
	Expenditure	97,406	108,801	11,395
	Net	79,639	87,380	7,741
No Recourse To Public Funds	Income	0	0	0
	Expenditure	2,741	2,648	(93)
	Net	2,741	2,648	(93)
Resident's Services	Income	(259,264)	(293,837)	(34,573)
	Expenditure	341,853	376,724	34,871
	Net	82,589	82,886	297
Sustainable Growth & Opportunity	Income	(26,032)	(24,544)	1,488
	Expenditure	33,103	31,543	(1,559)
	Net	7,071	7,000	(71)
Finance & Investment	Income	(6,497)	(8,304)	(1,807)
	Expenditure	22,805	23,781	976
	Net	16,308	15,477	(831)
Strategy, Communications & Legal Services	Income	(1,176)	(2,874)	(1,698)
	Expenditure	12,846	14,714	1,868
	Net	11,670	11,840	170
Total	Income	(379,596)	(458,794)	(79,198)
	Expenditure	676,903	763,310	86,407
	Net	297,307	304,516	7,209
Corporate Items				(7,209)
Council Outturn				0

Capital

The council currently has £660.2m of approved schemes till 2024/25. The CIP is an amalgamation of both General Fund and Housing Revenue Account capital schemes. It is expected that the main sources of capital funding in future years will be Section 106 and Community Infrastructure Levy (CIL) contributions from development and prudential borrowing. In developing the CIP for coming years, the council will need to consider the impact on revenue budgets of borrowing to finance its capital priorities, as borrowing costs represent a pressure on revenue unless the capital project generates an income stream.

The council will continue to seek external funding where possible, however in line with other funding from central government, capital grants are also expected to reduce in coming years. The current economic conditions have had an effect on the availability of such funding; however it is not yet clear what the longer term implications may be. If there are significant drops of income, there may be a need to adjust the capital programme.

The council has spent £129.2m on capital expenditure this financial year against a budget £175.2m, with £46.0m being carried forward into the next financial year. Expenditure was lower in the financial year due to delays caused by the pandemic and work is ongoing to develop more realistic budget profiles across future financial years.

What we did with the money

Some of the major schemes that were completed in 2021/22 include Brixton House Theatre (a part of the larger Somerleyton Road redevelopment), Coburg Crescent Learning Disability Resource Centre, refurbishments or expansions of Sudbourne, Wyvil and Woodmansterne Schools and remodelling the Civic Centre to meet the needs of our customers following the pandemic. There were also continuing programmes to improve the existing infrastructure including wide ranging projects within the highway improvement programme and works on School green screens, cycle hangars and projects within Lambeth's parks

Directorate	2021/22 Budget £000	2021/22 Actuals £000	2021/22 Carry Forward £000
Adults & Health	0	0	0
Children Services	0	463	(463)
Resident Services	62,405	48,034	14,371
Sustainable Growth & Opportunity	45,149	31,002	14,147
Finance & Investment	31,902	24,675	7,227
Housing Revenue Account (HRA)	35,728	25,027	10,701
Total	175,184	129,201	45,983

Financing the Capital Investment Programme

- £17.6m of grant monies (£14.1m in 2020/21)
- £29.4m (£34.7m in 2020/21) of internal reserves and revenue contributions (including via the Major Repairs Reserve)
- £9.0m of proceeds from the disposal of Council assets (£8.7m in 2020/21)
- £65.8m from internal and external borrowing against cash balances (£42.1m in 2020/21)
- £7.4m from developers' contributions (£6.1m in 2020/21)
- None from Section 20 receipts (£2.4m in 2020/21)

General and Earmarked Reserves

The council retains a level of earmarked reserves to fund exceptional items or pressures which are difficult to predict, and which are not included in revenue budgets or within the capital programme. There are also reserves for specific government funding that is carried forward from year to year.

The council planned for the use of reserves to help smooth the impact of government funding reductions and other budget pressures especially during the period of austerity. Not only did this help to protect council services but it has also allowed time to transition towards new ways of working, productivity improvements and efficiencies.

The entire general fund balance has been used to increase the provision for the Lambeth Redress scheme, setting aside funds for amounts over and above the current capitalisation order. Much of the increase in reserves in the previous year was due to funds set aside to deal with the pandemic, and the subsequent release and use of those funds resulted in the fall in earmarked reserves levels.

The General Fund reserves have reduced to cover the overspend within the year and in the Housing Revenue Account (HRA), which is ring-fenced from the General Fund, reserves have increased compared to last year.

Reserves	Balance at 31 March 2020 £000	Balance at 31 March 2021 £000	Balance at 31 March 2022 £000
General Fund Balance	(21,308)	(25,870)	0
GF Earmarked Reserves	(96,531)	(151,068)	(141,463)
General Fund Total	(117,839)	(176,938)	(141,462)
HRA Balances	(11,506)	(10,971)	(17,896)
HRA Earmarked Reserves	(48,590)	(17,944)	(21,688)
HRA Total	(60,096)	(28,915)	(39,584)
Council Total	(177,935)	(205,853)	(181,046)

The General Fund reserves have reduced to cover the overspend within the year and in the Housing Revenue Account (HRA), which is ring-fenced from the General Fund, reserves have increased compared to last year.

Borrowing

The council has long term borrowing of £721.7m sourced from the Government owned Public Works

Loan Board. It also has an interest free loan from the GLA, known as the Housing Zone Loan, with an outstanding balance of £9.8m.

It should also be noted that the council holds long-term creditors of £130.6m which relate to arrangements for service concessions (finance leases or PFI), most of which is paid for by PFI grants received from central government.

Pension Fund Revaluation and Pension Liability

The triennial valuation of the Pension Fund took place in 2019, which outlined the contribution rates required by the council in future to meet its Pension scheme liabilities. The contribution rates came into effect on 01 April 2020 and will remain in place until the next valuation i.e., 31 March 2023.

The overall net pension liability of the council is broader than that of the Pension Fund because it includes liabilities relating to employees with pensions managed by the London Pension Fund Authority (LPFA) as well as those of the Pension Fund.

For the Pension Fund and LPFA combined, the scheme assets increased from £1.826bn to £1.851bn, reflecting the volatile market conditions in the UK and globally.

The overall net pension liability is the net of scheme assets and pension obligations and has decreased from £717m to £584m. This has been as a result of investment returns being greater than expected in the period to the accounting date. Please see the Pension Fund accounts for more details.

One area to note is that the Lambeth Pension Fund has successfully been admitted as a signatory to the UK Stewardship Code following the submission of its first stewardship report in October 2021.

BOROUGH PLAN PERFORMANCE OVERVIEW 2021/22

Lambeth has performed well overall throughout 2021/22, with particularly pleasing results in our efforts to enable sustainable growth and development and to increase community resilience. Over 1,400 residents have been supported into employment, training, or education by council supported activity in 2021/22, significantly outperforming the annual target of 375.

Council initiatives also resulted in an additional 6,368sq.m of affordable workspace being created across Lambeth. This represents a 16% increase on 2020/21. Round two of the Future Workspace Fund has been opened which will see approximately £2m of investment into the creation of supportive and affordable workspace across priority sectors.

The ongoing impact of the Covid-19 pandemic continued to be felt across the year, particularly with the emergence of the Omicron variant. This brought with it significant performance challenges, particularly to those of our frontline services which rely on face-to-face visits and reviews. The timely provision of visits and reviews has also been affected by the nationwide shortage of social workers which is particularly acute in London.

Lambeth residents have also faced financial pressures throughout 2021/22, notably with the removal of the £20 universal credit uplift in October. This resulted in increased demand for benefits advice which has impacted the timeliness of provision. Despite this 5,536 people were helped with benefits advice over the course of the year. The growing cost of living crisis will continue to challenge Lambeth in 2022/23 and will place performance pressure on a number of our services.

2021/22 saw the introduction of a new pillar of the Borough Plan, to be passionate about equality, strengthening diversity and delivering inclusion. Performance was encouraging in this pillar and we have made good progress against the challenging targets we have set ourselves. Particularly notable is the increase in the percentage of the top 5% of council earners who self-identify as disabled. At 3.85% this figure is now meeting target and is nearly double that reported in 2020/21

EXPLANATION OF THE KEY FINANCIAL STATEMENTS

The Statement of Accounts presents the council's income and expenditure for the year, and its financial position at 31 March 2022. It shows the core statement as well as notes to the statements. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, which in turn is underpinned by International Financial Reporting Standards.

They can be complex to understand, with entries such as asset depreciation and impairments and pensions accounted for under IFRS and then reversed out to meet regulatory requirements and not having the same prominence as they would in a private sector set of accounts.

Comprehensive Income and Expenditure Statement -

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Movement in Reserves Statement - This statement shows the movement in the year on the different reserves held by Lambeth, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'surplus or (deficit) on the provision of services' line shows the true economic cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Summary (CIES). These are different from the statutory amounts required to be charged to the

General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The 'Net increase/decrease before transfers to Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

Balance Sheet - The Balance Sheet shows the value as at the Balance Sheet date of assets and liabilities. The net assets of the council (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement - The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period. The statement shows how Lambeth 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 Lambeth. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the council.

There are various notes to the financial statements. One particular note that is specific to Local Government is the 'Adjustments between Accounting Basis and Funding Basis under Regulations' as this lists out the reversals from the financial statements to ensure the accounts comply with UK Statutory requirements and this should therefore be considered alongside the primary statements when reviewing the accounts. There are also a few supplementary statements that make up the accounts including:

The Housing Revenue Account – Income and Expenditure associated with Council Housing is ringfenced by law.

Collection Fund – Council Tax and Business Rates are separately accounted for with the impact of any surpluses and deficit in year impacting the council and other preceptors in future financial years.

Group Accounts – The accounts of the HFL group of companies, owned by the council, are amalgamated into the council's financial statements.

Pension Fund Accounts – The accounts for the Pension Fund are presented separately.



2.

Statement of Responsibilities for the Statement of Accounts

Statement of Responsibilities for the Statement of Accounts

THE AUTHORITY'S RESPONSIBILITIES

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Chief Financial Officer) has the responsibility for the administration of those affairs;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the statement of accounts.

THE CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES

The Chief Financial Officer is responsible for the preparation of the Statement of Accounts (which includes the financial statements) 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 CFO has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the London Borough of Lambeth, including its income and expenditure, and of the London Borough of Lambeth Pension Fund for the year ended 31 March 2022.



Duncan Whitfield

Interim Corporate Director of Finance and Governance and Section 151 Officer
London Borough of Lambeth
Date: 1st December 2023

APPROVAL OF THE ACCOUNTS

I certify that the audited Statement of Accounts has been approved by resolution of the Corporate Committee of the London Borough of Lambeth in accordance with the Accounts and Audit Regulations 2015.



Councillor Martin Tiedemann

Chair – Corporate Committee
Date: 1st December 2023



3.

Independent
Auditor's
Report to
London
Borough of
Lambeth

Independent Auditor's Report to London Borough of Lambeth

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements

We have audited the financial statements of London Borough of Lambeth ('the Council') and its subsidiaries ('the Group') for the year ended 31 March 2022, which comprise the Council and Group Comprehensive Income and Expenditure Statements, the Council and Group Movement in Reserves Statements, the Council and Group Balance Sheets, the Council and Group Cash Flow Statements, Housing Revenue Account, the Movement on the Housing Revenue Account Statement, Collection Fund Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31st March 2022 and of the Council's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Code Update.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Interim Strategic Director of Finance & Investment's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Interim Strategic Director of Finance & Investment with respect to going concern are described in the relevant sections of this report.

Other information

The Interim Strategic Director of Finance & Investment is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Interim Strategic Director of Finance & Investment for the financial statements

As explained more fully in the Statement of the Interim Strategic Director of Finance & Investment's Responsibilities, the Interim Strategic Director of Finance & Investment is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Interim Strategic Director of Finance & Investment is also responsible for such internal control as the Interim Strategic Director of Finance & Investment determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Interim Strategic Director of Finance & Investment is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Code Update and prepare the financial statements on a going concern basis, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Interim Strategic Director of Finance & Investment is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, the Accounts and Audit Regulations 2015, and the Local Government and Housing Act 1989 and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Interim Strategic Director of Finance & Investment incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Corporate Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council and the Group which were contrary to applicable laws and regulations, including fraud.
- Our audit procedures in relation to fraud included but were not limited to:
 - making enquiries of management and the Corporate Committee on whether they had knowledge of any actual, suspected or alleged fraud;
 - gaining an understanding of the internal controls established to mitigate risks related to fraud;
 - discussing amongst the engagement team the risks of fraud; and
 - addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Corporate Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Interim Strategic Director of Finance & Investment's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in September 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

REPORT ON THE COUNCIL'S ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN ITS USE OF RESOURCES

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have not completed our work on the Council's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have identified the following significant weaknesses in arrangements for the year ended 31 March 2022.

Significant weakness in arrangements	Recommendation
<ol style="list-style-type: none"> 1. Weakness in the Council's governance arrangements for managing the performance of Homes for Lambeth, specifically how the Council ensured it made properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. 2. Weakness in the Council's arrangements for improving economy, efficiency and effectiveness and how it uses information about its performance to improve the way it manages and delivers its services, specifically assessing how it evaluates the delivery and performance of its affordable housing strategy and identifying areas for improvement. 	<p>To ensure that the recommendations made in the review are acted upon and implemented we recommend that the Council puts in place robust arrangements to monitor the implementation of the action plan. This should include ensuring that the actions have an appropriate and sustainable impact on its affordable housing strategy.</p>

We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION UNDER THE CODE OF AUDIT PRACTICE

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

USE OF THE AUDIT REPORT

This report is made solely to the members of London Borough of Lambeth, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Suresh Patel
For and on behalf of Mazars LLP

30 Old Bailey
London
EC4M 7AU

Date: 4th December 2023



4.

Independent Auditor's Report to London Borough of Lambeth Pension Fund

Independent Auditor's Report to London Borough of Lambeth Pension Fund

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements of London Borough of Lambeth Pension Fund

We have audited the financial statements of London Borough of Lambeth Pension Fund ('the Pension Fund') for the year ended 31 March 2022, which comprise the Fund Account, the Net Assets Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2022, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2022; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council, as administering authority for the Pension Fund, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Interim Strategic Director of Finance & Investment use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Interim Strategic Director of Finance & Investment with respect to going concern are described in the relevant sections of this report.

Other information

The Interim Strategic Director of Finance & Investment is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Interim Strategic Director of Finance & Investment for the financial statements

As explained more fully in the Statement of the Interim Strategic Director of Finance & Investment's Responsibilities, the Interim Strategic Director of Finance & Investment is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Interim Strategic Director of Finance & Investment is also responsible for such internal control as the Interim Strategic Director of Finance & Investment determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Interim Strategic Director of Finance & Investment is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Interim Strategic Director of Finance & Investment is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Pension Fund, we identified that the principal risks of non-compliance with laws and regulations related to the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Interim Strategic Director of Finance & Investment's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Corporate Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Fund which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Corporate Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Corporate Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Interim Strategic Director of Finance & Investment's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in September 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION UNDER THE CODE OF AUDIT PRACTICE

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

USE OF THE AUDIT REPORT

This report is made solely to the members of London Borough of Lambeth Council, as a body and as administering authority for the London Borough of Lambeth Pension Fund, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Suresh Patel
For and on behalf of Mazars LLP

30 Old Bailey
London
EC4M 7AU

Date: 4th



5.

Single Entity Financial Statements

London Borough of Lambeth



LAMBETH ROAD

SE1

5.1

**Comprehensive Income and
Expenditure Statement**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the

amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting

cost. The taxation position is shown in the Expenditure Funding Analysis and the Movement in Reserves Statement

		2021/22			2020/21		
	Notes	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Adults & Health		217,364	(107,815)	109,549	191,170	(101,007)	90,163
Legal, Strategy & Communications		14,714	(2,874)	11,840	14,189	(1,369)	12,820
Children's Services		392,850	(298,361)	94,489	368,020	(281,899)	86,121
Corporate Items		101,184	(1,108)	100,076	46,017	(1,575)	44,442
Finance & Investment		47,932	(32,433)	15,499	32,652	(17,788)	14,864
Housing Revenue Account		125,761	(182,657)	(56,896)	158,942	(148,615)	10,327
Resident Services		389,815	(294,856)	94,959	375,688	(270,758)	104,930
Sustainable Growth & Opportunity		38,286	(27,752)	10,534	37,553	(12,212)	25,341
COST OF SERVICES		1,327,906	(947,856)	380,050	1,224,231	(835,223)	389,008

		2021/22			2020/21		
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Levies				4,388			3,894
Payments to the Government Housing Capital Receipts Pool				3,337			4,093
(Gains)/losses on the Disposal of Non-Current Assets				(13,263)			3,898
Other Expenditure				103			91
Other Operating (Income)/Expenditure				(5,435)			11,976
Interest Payable and Similar Charges - other	13c			34,984			34,738
Net interest on the net pensions' liability	25a			14,749			13,106
Investment Interest income	4			(2,115)			(993)
Impairments on Receivables				5,359			13,087
Impairment Losses / (Gains) on Investments				(1,349)			(55)
Financing and Investment Income and Expenditure				51,628			59,883
Taxation and Non-Specific Grant Income	12c			(375,056)			(390,355)
(SURPLUS) OR DEFICIT ON PROVISION OF SERVICES				51,187			70,512
Loss / (Gain) on revaluation of non-current assets	31			(165,756)			22,673
Remeasurements of the Net Defined Benefit Liability	31			(206,693)			143,127
Other Comprehensive (Income) and Expenditure				(372,449)			165,800
Total Comprehensive (Income) and Expenditure				(321,262)			236,312



5.2

Movement in Reserves Statement

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the individual 'usable reserves' (that is those that can be applied to fund expenditure or reduce local taxation) held by the authority, and there is one column for unusable reserves. The Total Comprehensive Income and Expenditure line here

shows the surplus / deficit on the provision of services in the total usable reserves column and the other comprehensive (income) and expenditure in the unusable reserves column. These show the true economic cost of providing the authority's services, more details of which are shown in the

Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

2021/22	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve (Capital) £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2021 brought forward	(194,425)	(28,916)	(42,566)	0	(63,204)	(329,111)	(2,006,986)	(2,336,097)
Total Comprehensive Income and Expenditure (CIES Page 23)	99,850	(48,663)				51,187	(372,449)	(321,262)
Adjustments between accounting basis & funding basis under regulations (Note 28)	(66,297)	37,995	(11,160)	(5,656)	3,593	(41,525)	41,525	
(Increase)/Decrease in 2021/22	33,553	(10,668)	(11,160)	(5,656)	3,593	9,662	(330,924)	(321,262)
Balance at 31 March 2022 carried forward	(160,872)	(39,584)	(53,726)	(5,656)	(59,611)	(319,449)	(2,337,910)	(2,657,359)
GF and HRA Balance analysed over								
Earmarked reserves (Note 29)	(141,463)	(21,688)						
LMS (Schools) Balance (Note 28b)	(19,410)							
Balances not earmarked (Note 28a)	1	(17,896)						
Balance at 31 March 2022	(160,872)	(39,584)						

2020/21	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve (Capital) £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2020 brought forward	(128,577)	(60,096)	(38,197)	0	(68,533)	(295,403)	(2,277,004)	(2,572,407)
Total Comprehensive Income and Expenditure (CIES Page 22)	46,895	23,617	0	0	0	70,512	165,800	236,312
Adjustments between accounting basis & funding basis under regulations (Note 27)	(112,742)	7,564	(4,370)	0	5,329	(104,219)	104,219	0
(Increase)/Decrease in 2020/21	(65,847)	31,181	(4,370)	0	5,329	(33,707)	270,019	236,312
Balance at 31 March 2021 carried forward	(194,424)	(28,915)	(42,567)	0	(63,204)	(329,110)	(2,006,985)	(2,336,095)
GF and HRA Balance analysed over								
Earmarked reserves (Note 28c)	(151,068)	(17,944)						
LMS (Schools) Balance (Note 28b)	(17,486)							
Balances not earmarked (Note 28a)	(25,870)	(10,971)						
Balance at 31 March 2021	(194,424)	(28,915)						



5.3 | Balance Sheet

BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities held by the council. The council's net assets (assets less liabilities) are matched by the reserves it

holds. These reserves are shown in two categories – usable and unusable. Usable reserves may be used to provide services subject to statutory limitations and

the need to maintain prudent levels of reserves for financial stability. Unusable reserves cannot be used to fund council services.

	Notes	31 March 2022 £'000	31 March 2021 £'000
Property, Plant & Equipment	12a, 12b	4,001,202	3,823,491
Heritage Assets	12g	2,517	2,420
Intangible Assets	12c	4,844	2,398
Long Term Investments	13a	35,645	34,296
Long-Term Debtors	13a	48,203	16,245
Long Term Assets		4,092,411	3,878,850
Assets Held for Sale (within one year)	12f	0	440
Inventories		43	53
Short Term Debtors	14	202,511	207,018
Short Term Investments	13a	20,061	10,046
Cash and Cash Equivalents	33	92,337	81,317
Current Assets		314,952	298,874
Short Term Borrowing	13a	(17,090)	(7,081)
Short Term Creditors	15	(182,443)	(172,421)
Provisions	22	(42,409)	(58,545)
Grants Receipts in Advance - Revenue	16	(70,208)	(76,326)
Grants Receipts in Advance - Capital	18	(46,461)	(30,843)
Current Liabilities		(358,611)	(345,216)

	Notes	31 March 2022 £'000	31 March 2021 £'000
Long Term Creditors	13a	(81,189)	(86,010)
Provisions	22	(7,814)	(12,759)
Long Term Borrowing	13a	(721,659)	(651,283)
IAS19 Net Pension Liability	25a	(550,632)	(716,865)
Grants Receipts in Advance - Capital	18	(30,100)	(29,496)
Long Term Liabilities		(1,391,394)	(1,496,413)
Net Assets		2,657,358	2,336,095
Total usable reserves	28	319,449	329,110
Total unusable reserves	29	2,337,909	2,006,985
Total Reserves		2,657,358	2,336,095



BRIXTON VILLAGE

5.4

Cashflow Statement

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net

cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources

which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the authority.

Year Ended 31 March	Notes		2021/22 £'000		2020/21 £'000
Net (surplus) or deficit on the provision of services			51,187		70,512
<u>Adjust net surplus or deficit on the provision of services for non-cash movements</u>					
Depreciation and amortisation		(57,721)		(62,073)	
Impairment and revaluations		(15,652)		(48,547)	
Impairment (loss)/gain on investments		1,349		55	
(Increase)/Decrease in Creditors		9,751		(94,998)	
Increase/(Decrease) in Debtors		8,242		22,306	
Increase/(Decrease) in Inventories		(10)		53	
Other adjustments		159		226	
Increase/(Decrease) in Accrued Investment Income		15		(242)	
Pension Liability		(40,460)		(11,558)	
Contributions (to)/from Provisions		21,081		(19,990)	
Carrying amount of non-current assets sold (property plant and equipment, investment property and intangible assets)		(11,263)		(21,011)	
			(84,508)		(235,779)
<u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u>					
Capital Grants credited to surplus or deficit on the provision of services		19,695		19,419	
Proceeds from the sale of property plant and equipment, investment property and intangible assets		24,396		17,114	
			44,091		36,533

Year Ended 31 March	Notes		2021/22 £'000		2020/21 £'000
Net Cash Flows from Operating Activities			10,770		(128,734)
Investing Activities	30		96,875		89,732
Financing Activities	31		(96,624)		(10,543)
Net (increase) or decrease in cash and cash equivalents			11,021		(49,545)
Cash and cash equivalents at the beginning of the reporting period			81,317		31,772
Cash and cash equivalents at the end of the reporting period	33		92,338		81,317



5.5 | Notes to the Accounts

Notes to the Accounts (General)

1. STATEMENT OF ACCOUNTING POLICIES

a. Basis of Preparation

The Accounts and Audit (England) Regulations 2015 require the council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2021/22, these proper accounting practices principally comprise:

- The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code).
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No 3146, as amended) (the 2003 Regs).

The Statement of Accounts has been prepared using the going concern and accruals basis. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods and services is recognised when the Authority satisfies a performance obligation by transferring promised goods or services to the purchaser.
- 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.

The historical cost convention has been applied, modified by revaluation of the following material categories of non-current assets and certain financial instruments.Class of Assets	Valuation Basis
Property, Plant and Equipment: Dwellings	Current value, comprising existing use value for social housing. Dwellings are valued using market prices for comparable properties, adjusted to reflect occupancy under secure tenancies.
Property, Plant and Equipment: Other Land and Buildings	Current value, comprising existing use value. Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists or the property is specialised, current value is measured at depreciated replacement cost.

The historical cost convention has been applied, modified by revaluation of the following material categories of non-current assets and certain financial instruments.Class of Assets	Valuation Basis
Property, Plant and Equipment: Surplus Assets	Surplus assets are measured at fair value. Land, Office and Retail assets have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs are significant leading to the properties being categorised at Level 2 in the fair value hierarchy.
Pensions Assets	Fair values based on the following: <ul style="list-style-type: none"> • quoted securities – current bid price • unquoted securities – professional estimate • unitised securities – current bid price • property – market value.

b. Adjustments Between Accounting Basis and Funding Basis

The resources available to the council in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations).

Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement so that usable reserves reflect the funding available at the year-end. This is also

shown in the Expenditure and Funding Analysis. Unusable reserves are created to manage the timing differences between the accounting and funding bases. The material adjustments are:

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Property, Plant and Equipment	Depreciation and revaluation/impairment losses	Annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance.	Capital Adjustment Account
Intangible Assets	Amortisation and impairment		Capital Adjustment Account
Investment Properties	Movements in fair value		Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in 2021/22		Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in 2021/22 or were received in 2021/22 without conditions.	No credit for capital grant income as this is accounted for via the capital adjustment account when applied.	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2022) Capital Adjustment Account (other amounts)
Non-Current Asset Disposals	Gain or loss based on sale proceeds less carrying amount of asset (net of costs of disposal).	No charge or credit in respect of carrying amount. The sales proceeds are taken to the Capital Receipts Reserve.	Capital Adjustment Account (carrying amount) Capital Receipts Reserve (sale proceeds and costs of disposal) Deferred Capital Receipts Reserve (where sale proceeds have yet to be received)
Financial Instruments	Premiums payable and discounts receivable on the early repayment of borrowing in 2021/22. Movements in the fair value of money market fund investments.	Deferred debits and credits of premiums and discounts from earlier years in accordance with the 2003 Regs Historical cost gains/losses for money market fund investments disposed of in 2021/22.	Financial Instruments Adjustment Account
Pensions Costs	Movements in pensions assets and liabilities being the aggregate of service costs, net interest costs and actuarial gains and losses.	Employer's pensions contributions payable and direct payments made by the council to pensioners for 2021/22.	Pensions Reserve
Council Tax	Accrued income from 2021/22 bills	Demand on the Collection Fund for 2021/22 plus share of estimated surplus at 31 March 2022.	Collection Fund Adjustment Account
Business Rates	Accrued income from 2021/22 bills	Precept from the Collection Fund for 2021/22	Collection Fund Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2022.	No charge	Accumulated Absences Adjustment Account

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Redress Capitalisation	The cost of redress scheme claims.	Capitalisation of redress scheme claims.	Redress Capitalisation Directive Reserve
Dedicated Schools Grant Deficit	The cost of the deficit in the dedicated schools grant.	Set aside of the deficit for recovery in future financial years.	Dedicated Schools Grant Adjustment Account

c. Financial Instruments

Financial instruments are recognised on the Balance Sheet when the council becomes a party to their contractual provisions. They are initially measured at fair value.

Financial liabilities are subsequently measured at amortised cost. For the council's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial assets are subsequently measured in one of two ways:

- amortised cost – assets whose contractual terms are basic lending arrangements (i.e., they give rise on specified dates to cash flows that are solely payments of principal or interest on the principal amount outstanding, which the council holds under a business model whose objective is to collect those cash flows)
- fair value – all other financial assets

Amortised cost assets are measured in the Balance Sheet at the outstanding principal repayable (plus accrued interest). Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument. Any gains or losses in fair value that might arise are not accounted for until the instrument matures or is sold.

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

Changes in the value of assets carried at fair value (described as Fair Value through Profit or Loss) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

d. Revenue from Contracts with Service Recipients

The council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

e. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the council when there is reasonable assurance that:

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

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until the council has satisfied any conditions attached to the grant or contribution that would require repayment if not met. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the CIES.

Community Infrastructure Levy

The authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) 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 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 Comprehensive Income and Expenditure Statement 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.

f. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the council as a result of past events (e.g., software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the council.

Intangible assets are measured at cost. These are amortised over 4 years.

The amount of an intangible asset to be amortised is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that it might be impaired – any losses recognised are posted to the relevant service line(s) in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

g. 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.

Property, plant and equipment held by the council under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Premiums paid on entry into a lease are applied to writing down the lease liability. Subsequent 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
- financing charges and contingent rents (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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 authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Rentals paid by the council under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant or equipment.

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, with the gain/loss attributable to the difference between the carrying amount of the asset

and the council's net investment in the lease being credited/debited to the Other Operating Expenditure line in the CIES. The net investment in the lease is recognised as a lease asset in the Balance Sheet, net of any premium paid. Lease rentals receivable are apportioned between:

- a credit for the disposal of the interest in the property – applied to write down the lease asset

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

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.

h. Overheads and Support Services

The costs of overheads and support services are charged to the Housing Revenue Account (HRA), to Public Health and against the Dedicated School Grant for their share of the supply or service in proportion to the benefits received. However, the full absorption costing principle is no longer applied with the remainder of the General Fund's share of overheads and support services remaining in the Corporate Resources directorate in accordance with the authority's arrangements for accountability and financial performance.

i. Post-Employment Benefits

Employees of the council are members of four separate pension schemes:

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

The NHS and Teacher's Schemes provide defined benefits to members. However, Scheme arrangements mean that liabilities for these benefits cannot be attributed to the council. The Schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services and Public Health lines in the Comprehensive Income and Expenditure Statement are charged respectively with the employer's contributions payable to Teachers' and NHS Pensions in the year.

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

- the liabilities of the Lambeth and London Pension Funds 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 of which is based on the indicative rate of return available on a basket

of AA-rated bonds with long terms to maturity (the iBoxx AA rated over 15 year corporate bond index)

- the assets of the Lambeth and London Pension Funds attributable to the council are included in the Balance Sheet at their fair value as set out in Policy A.

The change in the net pension liability is analysed into the following components:

- Service cost comprising:
 - current service cost – allocated in the Comprehensive Income and Expenditure Statement (CIES) to the services for which the employees worked
 - past service cost – debited to the Surplus or Deficit on the Provision of Services in the CIES.
- Net interest on the net defined benefit liability:
 - charged to the Financing and Investment Income and Expenditure line of the CIES
- Re-measurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- Contributions paid to the Lambeth pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

Discretionary Benefits

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

j. Property, Plant and Equipment and Heritage Assets

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

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.

The authority does not capitalise borrowing costs incurred whilst assets are under construction.

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

Assets such as infrastructure, community assets and assets under construction are carried at depreciated historical cost. Surplus Assets are held at Fair Value, Heritage assets are held at historic cost. For assets currently providing a service, if they have no active market then they are held at Depreciated Replacement Cost, for Council Dwellings these are held at Existing Use Value – Social Housing, and for

other assets with an active market these are held at Existing Use Value.

Assets included in the Balance Sheet are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their valuation basis 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.

Where decreases in value are identified, they are accounted for in the following ways:

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

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.

Assets are assessed at each year-end as to whether there is any indication that items 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 in the same way as revaluation losses.

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

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts (based on their brought forward value) 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).

Useful Economic Lives

Asset Category	Useful Economic Life
Council Dwellings	60 Years
Other Buildings	40 Years
Vehicles & IT equipment	4 Years
Plant, furniture & equipment	10 Years
Commercial properties & surplus assets	40 to 60 Years
Infrastructure	10 – 40 years depending on type of infrastructure asset
Community assets	10 – 100 years depending on type of community asset
Heritage assets	Held in perpetuity

The periods over which assets are depreciated are determined by the valuer on an asset by asset basis. In the absence of such a determination the useful lives in the table above apply.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets

Held for Sale) is written off to the Other Operating Expenditure line in the CIES against any receipts arising from the disposal as a gain or loss on disposal.

Council Dwellings that are earmarked for regeneration will be valued using the Existing Use Value for Social Housing (EUV-SH) method provided that they are still operational/occupied at the balance sheet date.

Once a formal decision has been made and a clear timetable agreed, including a change in use of the homes; i.e., they are vacant/non-operational, it is this change in use that will drive any change in the valuation method used for the purposes of the annual accounts.

For those properties valued within the financial year, the valuer will determine the assets value as at 31 December with an impairment review at the end of the financial year to highlight any financially material changes to the value of these assets between 31 December and 31 March.

k. Private Finance Initiative and Similar Contracts

As the council is deemed to control the services that are provided under its PFI 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 assets used are recognised on the Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

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

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement (CIES)
- finance cost – debited to the Financing and Investment Income and Expenditure line in the CIES
- contingent rent – debited to the Financing and Investment Income and Expenditure line in the CIES
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- 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

I. Provisions

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

The government has provided the ability to capitalise specific future costs relating to the redress scheme setup by the council in 2017/18 for payments pertaining to historic child abuse. The provision setup for these costs is matched with a reserve on the balance sheet. As payments are made these will be debited against the provision and will be matched by drawing down the reserve by an equal sum to the capital adjustment account.

m. Termination Benefits

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

n. Changes in Accounting Policies

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise or the CIPFA code specifies no retrospective implementation) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

There has been no change in accounting policies and estimates in the current year.

o. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in a specified period, no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management strategy.

p. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

q. Rounding

It is not the council's policy to adjust for immaterial cross-casting differences between the main statements and disclosure notes.

r. Council Tax and Non-domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

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

t. Schools

The Code of Practice on Local Authority Accounting in the United Kingdom 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. 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.

u. VAT

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

v. Single Entity Financial Statements and Group Accounts

We have presented single entity financial statements, in which Lambeth's interest in wholly owned subsidiaries are accounted for on the basis of the direct equity interest (i.e. at cost) rather than on the basis of the reported results and net assets of the investees.

The council prepared a review of group interests in the companies that have the nature of subsidiaries during the 2021/22 financial year. It has concluded that there are material interests in subsidiaries, and therefore Group Accounts have been prepared. See Group Accounts for more details.

CRITICAL JUDGEMENTS AND ASSUMPTIONS

2a. Critical Judgements and Assumptions

The Statement of Accounts contains estimated figures that are based on assumptions made by the council or relevant professionals engaged by the council, such as actuaries, about the future. Estimates are made taking into account historical experience, current trends, professional advice and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Items in the council's Balance Sheet at 31 March 2022 for which there is a risk of material adjustment in the forthcoming financial year include pensions liabilities, property, plant and equipment valuations, insurance provisions and impairments on receivables.

Assumptions Made About the Future and Other Major Sources of Uncertainty

Future of LG Finance

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 impaired as a result of a need to close facilities and reduce levels of service provision.

Pensions Liabilities

Estimation of the net liability to pay pensions depends on a number of complex judgements agreed with the council's actuaries, Hymans Robertson LLP and Barnett Waddingham (the actuaries of the London Pension Fund Authority (LPFA)).

The sensitivities regarding the principal assumptions used to measure the pension liability in respect of the Lambeth scheme are set out in the table below, the net pension liabilities as at 2021/22 is £551m :

	Approx. increase to pension liability		Approx. increase to monetary amount	
	LPFA %	Lambeth %	LPFA £'000	Lambeth £'000
1 year increase in member life expectancy	7	3-5	4,716	98,903
0.5% increase in salary increase rate	<1	1	85	14,132
0.5% increase in pension increase rate	6	8	4,160	210,047

Lambeth Pension Fund has not employed an asset-liability matching strategy.

The sensitivity analyses above have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. 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.

Property Valuations

Properties are subject to full valuation by a qualified valuer under a rolling programme at least once every five years. Where there has been significant works carried out to the asset during the year, the asset is subject to a full valuation on completion of those

works. The valuation in 2021/22 was conducted by Wilks Head and Eve LLP.

The valuers have arrived at their opinion of Existing Use Value - Social Housing, Existing Use Value and Fair Value from referring to recent comparable market transactions. For specialised properties the Value has been measured using Depreciated Replacement Cost methodology.

A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £126m.

An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.

The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council external valuers.

Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current operational assets subject to potential revaluation is £1,261m. The Housing Revenue Account (HRA) residential portfolio was valued utilising a beacon methodology. In order to value the whole portfolio, it was necessary to research a number of information sources. These include sales of directly comparable property, changes of income flow for non-residential

HRA property, information available at a local level showing house price movement plus regional and National Indices.

A reduction in the estimate value of HRA dwellings would be revaluation reserve or a loss in the CIES. If the value of dwellings were to reduce by 10% this would lead to a reduction in value of about £242m. An increase in estimated valuations would result in increases to the Revaluation Reserve or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.

Impairment on financial assets

IFRS 9 requires that credit losses on financial assets are measured and recognised using the 'expected credit loss (ECL) approach.

The ECL approach is used on applicable assets held at amortised cost or FV through other comprehensive income. The ECL approach results in the early recognition of credit losses because it includes, not only losses that have already been incurred, but also expected future credit losses – it is a forward looking model. Where the council identifies an expected credit loss the impairments on appropriate assets are amended where material. Impairment on financial assets as 2021/22 is £42.7m.

Critical judgements made in the Statement of Accounts are:

Provisions and Contingent Liabilities

IAS 37: Provisions, Contingent Liabilities and Contingent Assets, determines whether a provision or contingent liability should be recognised in the accounts. Provisions are defined as probable future liabilities based on past events and therefore, there are inherent uncertainties related to amounts set aside as provisions. The experience of the council's internal legal function is utilised to determine how

current legal cases are likely to conclude and the estimate of the financial impact of the outcome of the case.

Redress Scheme

In December 2017 the council launched a redress scheme to compensate survivors of sexual, physical and psychological abuse in Lambeth Children's Homes dating back to the 1930s up to the 1990s. The scheme enables compensation to be paid out without using the court system enabling compensation to be paid more quickly and without sums being spent in legal fees. The scheme closed for new applications on 1 January 2022.

The council received a capitalisation direction from Central Government enabling it to treat payments up to £125m as capital expenditure and fund the costs from external borrowing. The council has set aside a provision for the full amount of the capitalisation direction and each year has reversed the general fund impact of costs incurred on settling claims to the capitalisation direction reserve up to 31 March 2021.

There remains uncertainty in the total value of payments that may be required to be made as a result of the establishment of the redress scheme. The uncertainties in valuing the liability arise from the following factors:

- It is not known, of the final claims received in January 2022, what proportion of the claims will be successful.
- There is also uncertainty in the value of redress payments that will be awarded to the accepted claims.
- The scheme comprises two elements: Harms Way Payments which are set amounts dependent on the length of time an individual was resident in a

Children's Home, and Individual Redress Payments which are compensation for actual harm incurred following medical and legal review.

Costs associated with the scheme have been monitored throughout 2021/22. The most recent actuarial assessments of the outstanding cases have estimated the total cost of the scheme to be £155.3m – a further £30.3m spend above the original estimate. The provision has therefore been topped up by this amount.

The closing provision for the Redress scheme at the end of 2021/22 is £37.6m

Insurance Fund

The council holds a fund to act as a means of self-insurance. This is split between a consideration held in provisions to cater for incurred and reported claims where there is a probability that a payment may be required, and a reserve to cater for incurred but not reported claims. The closing position as at 2021/22 for the General fund is £5.5m and for the HRA is £2.5m

Service Concessions

The council is deemed to control the services provided under PFI agreements as detailed in note 21. The accounting policies for PFI schemes and similar contracts have been applied to the arrangements and the assets recognised as Property Plant and Equipment on the council's Balance sheet. See note 21.

Homes for Lambeth (HFL)

In July 2017 Lambeth Council setup four Limited Companies to deliver housing within the council area. These are called:

HFL GROUP LIMITED
HFL BUILD LIMITED

HFL HOMES LIMITED
HFL LIVING LIMITED

The council is the sole 100% shareholder of the companies. The council has therefore prepared Group accounts which incorporate HFL's figures into the statements.

2b. Post Balance Sheet

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. There are two types of post Balance Sheet events: adjusting and non-adjusting.

An adjusting event occurs where there is an event after the Balance Sheet date that provides evidence of conditions that actually existed at the Balance Sheet date. In such circumstances, the Statement of Accounts will be adjusted as if the event had actually occurred at the Balance Sheet date. Events that are not recognised in currently issued financial statements, but are rather accounted for in the next year financial statements, are called non-adjusting events.

There have been the following adjusting post balance sheet events which have arisen and where disclosures have been amended:

- Disclosures in respect of the Council's Infrastructure Assets, see additional disclosures made within notes 12a and 12h. There has been no financial impact associated with the revision of disclosures.
- Re-assessment of the Council's IAS19 pension disclosure following completion of the latest Triennial Actuarial Valuation (detailing the fund position as at 31 March 2022). This has resulted in a £32.9m reduction in the net pension liability (Note 25a).

2c. Accounting Standards Issued but not yet adopted

None of the accounting standards issued but not yet reflected in the 2021-2022 Code of Practice are expected to have a material impact on the accounts.

For information, the introduction of accounting standard IFRS 16 for the treatment of leases has been deferred from April 2022 until April 2024.

NOTES TO COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

3a. The Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the accounts that shows for each of the council's directorates:

- the amount spent under the council's rules for monitoring expenditure against the funding in the annual budget for the General Fund
- the resources actually consumed in the year as measured by proper accounting practices in the Comprehensive Income and Expenditure Statement

The reasons for differences between the two amounts for each service are explained further in Note 3b.

	2021/22				2020/21			
	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments required to arrive at the Net amount chargeable to the GF & HRA £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments required to arrive at the Net amount chargeable to the GF & HRA £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Adults & Health	97,284	0	12,266	109,550	89,053	0	1,110	90,163
Legal, Strategy & Communications	11,840	(960)	960	11,840	12,649	0	171	12,820
Children's Services	90,029	(2,255)	6,715	94,489	85,258	(6,289)	7,152	86,121
Corporate Items Cost of Services	16,997	29,862	53,217	100,076	24,835	0	19,607	44,442
Finance & Investment	15,477	24	(3)	15,498	10,616	(712)	4,960	14,864
Resident Services	82,886	(5,658)	17,731	94,959	97,958	(9,308)	16,280	104,930
Sustainable Growth & Opportunity	7,001	(331)	3,864	10,534	10,946	0	14,395	25,341
Net Cost of Services excl HRA	321,514	20,682	94,750	436,946	331,315	(16,309)	63,675	378,681
Housing Revenue Account	(41,732)	14,741	(29,905)	(56,896)	534	10,414	(621)	10,327
Net Cost of Services incl HRA	279,782	35,423	64,845	380,050	331,849	(5,895)	63,054	389,008
Other Income and Expenditure	(256,897)	(35,422)	(36,541)	(328,860)	(366,515)	5,895	42,124	(318,496)
(Surplus) or Deficit	22,885	1	28,304	51,190	(34,666)	0	105,178	70,512
Opening General Fund and HRA Balance 1 April	(223,341)				(188,673)			
Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year	22,885				(34,666)			
Closing General Fund and HRA Balance at 31 March*	(200,456)				(223,339)			

*For a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement.

3b. Note to the Expenditure and Funding Analysis

Decisions about resource allocation are taken by the council's Cabinet on the basis of budget reports analysed across departments. For the purpose of the initial budget and reports during the year, these reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess

of the balance on the Revaluation Reserve and amortisation are charged to services in the CIES)

- the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year

However, in the outturn report, the department analysis for the General Fund is reported using the same accounting policies used to prepare the financial

statements, except that expenditure includes a charge for appropriation of schools' net surpluses to an earmarked reserve. General Fund cash limits are adjusted in that report to reflect in full the effect of converting to the accounting policies used in the financial statements so that the conversion has no impact on the departments' performance against their cash limits. HRA amounts are not converted.

The following note breaks down the adjustments between funding and accounting basis by adjustments for capital purposes, pensions and other adjustments.

	2021/22				2020/21			
Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure amounts	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Adults & Health	12,266	0	0	12,266	1,110	0	0	1,110
Legal, Strategy & Communications	960	0	0	960	171	0	0	171
Children's Services	4,445	0	2,269	6,714	6,678	0	474	7,152
Corporate Items Cost of Services	30,450	22,462	305	53,217	20,531	(1,382)	458	19,607
Finance & Investment	(3)	0	0	(3)	4,960	0	0	4,960
Housing Revenue Account	(33,065)	3,146	16	(29,903)	(381)	(257)	17	(621)
Resident Services	17,731	0	0	17,731	16,280	0	0	16,280
Sustainable Growth & Opportunity	3,864	0	0	3,864	14,395	0	0	14,395
Net Cost of Services	36,648	25,608	2,590	64,846	63,744	(1,639)	949	63,054
Other income and expenditure from the Expenditure and Funding Analysis	(35,131)	14,852	(16,262)	(36,541)	(4,099)	13,197	33,026	42,124
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	1,517	40,460	(13,672)	28,305	59,645	11,558	33,975	105,178

4. Expenditure & Income Analysed by Nature

	2021/22 £'000	2020/21 £'000
Expenditure		
Employee benefits expenses	417,127	380,388
Other services expenses	852,259	746,419
Depreciation, amortisation, impairment	73,373	110,620
Interest payments	34,984	34,738
Precepts and levies	4,388	3,894
Payments to Housing Capital Receipts Pool	3,337	4,093
Loss/(Gain) on the disposal of assets	(13,134)	3,898
Impairments on Receivables	5,359	13,087
Impairment Losses / (Gains) on Investments	(1,349)	(55)
Total expenditure	1,376,344	1,297,082
Income		
Fees, charges and other service income	(321,349)	(253,559)
Interest and investment income	(2,115)	(993)
Income from council tax, non-domestic rates	(243,810)	(223,782)
Government grants and contributions	(757,883)	(748,236)
Total income	(1,325,157)	(1,226,570)
Surplus or Deficit on the Provision of Services	51,187	70,512

5. Material Items of Income and Expense

Revaluation Losses

In 2021/22 there was a total net revaluation loss of 14.6m to the surplus / deficit on provision of services. This consisted of a net £25.8m gain recorded in the HRA due to revaluation gain and a £40.4m net revaluation loss recorded in the General Fund.

In 2020/21 there was a total net revaluation loss of £48.3m to the surplus / deficit on provision of services. This consisted of a net £7.1m loss recorded in the HRA due to a downward revaluation on dwelling stock and a £41.2m net revaluation loss recorded in the General Fund.

Redress Scheme

The total Scheme expenditure to 31 March 2022 is c£117.5m (£83.2m to 1 January 2021).

- £82.5m paid in redress compensation directly to applicants (£15.5m HWP & £67.0m IRP) (£59.7m to 1 January 2021 - £12.7m HWP & £47.0 IRP),
- £12.2m in respect of applicants' legal costs paid to solicitors (£8.5m to 1 January 2021),
- £5.9m for the council's own legal costs in processing applications (£4.3m to 1 January 2021),
- £7.6m on applicant expenses, instruction of medical experts and social records chronology (£5.2m to 1 January 2021),
- £9.3m on administrative & staffing costs (£5.5m to 1 January 2021).

As at 31 March 2022 there were 576 open applications under the scheme and based on actuarial assessments, further expenditure of £37.6m will be

incurred. The existing provision has therefore been topped up by £30.3m to cover this cost.

6. Members' Allowances

	2021/22 £'000	2020/21 £'000
Members' Allowances	747	751
Special Responsibility Allowance	473	481
Members' Expenses	0	0
Total	1,221	1,232

7a. Senior Officers' Remuneration

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

Name and Title	Notes	Year	*Salary, Fees & Allowances £	Expense Allowances £	Redundancy / Severance payments £	Total Remuneration excl employers' pension contributions £	Employers' pension contributions £	Election Payment (incl pension) £	Total Remuneration incl employers' pension contributions £
Andrew Travers	1	2021/22	153,350	0	0	153,350	0	0	153,350
Chief Executive		2020/21	185,000	0	0	185,000	0	0	185,000
Bayo Dosunmu	2	2021/22	171,366	0	0	171,366	33,074	0	204,440
Deputy Chief Executive and Strategic Director of Resident Services		2020/21	165,962	0	0	165,962	32,031	0	197,993
Andrew Eyres		2021/22	73,847	0	0	73,847	10,618	0	84,465
Strategic Director of Integrated Health and Adult Care		2020/21	74,400	0	0	74,400	10,618	0	85,019
Merlin Joseph	3	2021/22	168,866	0	0	168,866	32,591	0	201,457
Strategic Director of Children's Services		2020/21	172,909	0	0	172,909	33,371	0	206,281
Fiona McDermott		2021/22	168,866	0	0	168,866	0	0	168,866
Strategic Director of Finance and Investment		2020/21	165,962	0	0	165,962	0	0	165,962
Eleanor Purser		2021/22	101,320	0	0	101,320	19,555	0	120,874
Strategic Director of Sustainable Growth & Opportunity (Job Share)		2020/21	99,577	0	0	99,577	19,218	0	118,796
Sara Waller		2021/22	101,320	0	0	101,320	19,555	0	120,874
Strategic Director of Sustainable Growth & Opportunity (Job Share)		2020/21	99,577	0	0	99,577	19,218	0	118,796
Fiona Connolly		2021/22	152,987	0	0	152,987	29,527	0	182,514
Strategic Director of Children's Services		2020/21	150,356	0	0	150,356	29,019	0	179,375
Annie Hudson	4	2021/22	0	0	0	0	0	0	0

Name and Title	Notes	Year	*Salary, Fees & Allowances £	Expense Allowances £	Redundancy / Severance payments £	Total Remuneration excl employers' pension contributions £	Employers' pension contributions £	Election Payment (incl pension) £	Total Remuneration incl employers' pension contributions £
Strategic Director of Children's Services		2020/21	31,489	0	0	31,489	0	0	31,489
Paul Bates		2021/22	104,688	0	0	104,688	20,205	0	124,893
Director of Strategy & Communications		2020/21	99,271	0	0	99,271	19,159	0	118,430
Thomas Branton	5	2021/22	127,596	0	0	127,596	24,626	0	152,222
Director of Regeneration and Housing Growth		2020/21	56,633	0	0	56,633	10,930	0	67,563
Alison McKane	6	2021/22	0	0	0	0	0	0	0
Director of Legal and Governance		2020/21	88,737	0	0	88,737	16,135	0	104,872
Venetia Reid-Baptiste		2021/22	128,876	0	0	128,876	24,873	0	153,750
Director of Environment & Street scene		2020/21	113,599	0	0	113,599	21,925	0	135,524
Sandra Roebuck		2021/22	141,196	0	0	141,196	27,251	0	168,447
Director of Infrastructure and Capital Delivery		2020/21	124,858	0	0	124,858	23,704	0	148,562
Fateha Salim	7	2021/22	114,824	0	0	114,824	22,161	0	136,985
Acting Director of Legal and Governance		2020/21	98,158	0	0	98,158	18,944	0	117,102
Tasnim Shawkat		2021/22	57,921	0	0	57,921	0	0	57,921
Interim Director of Legal and Governance		2020/21	57,500	0	0	57,500	0	0	57,500
Dean Shoesmith		2021/22	129,096	0	30,000	159,096	0	0	159,096
Director of Human Resources & Organisational Development		2020/21	125,401	0	0	125,401	0	0	125,401
Christina Thompson		2021/22	133,556	0	0	133,556	25,932	0	159,488

Name and Title	Notes	Year	*Salary, Fees & Allowances £	Expense Allowances £	Redundancy / Severance payments £	Total Remuneration excl employers' pension contributions £	Employers' pension contributions £	Election Payment (incl pension) £	Total Remuneration incl employers' pension contributions £
Director of Finance and Property		2020/21	136,500	0	0	136,500	22,471	0	158,971
Hiten Dodhia		2021/22	135,343	0	0	135,343	18,588	0	153,931
Consultant in Public Health		2020/21	129,298	0	0	129,298	17,326	0	146,625
Bimpe Oki	8	2021/22	134,079	0	0	134,079	19,281	0	153,360
Consultant in Public Health		2020/21	91,392	0	0	91,392	13,523	0	104,915
Linda Adams		2021/22	133,706	0	0	133,706	31,662	0	165,367
Headteacher: Turney School		2020/21	129,454	0	0	129,454	30,655	0	160,108
Samantha Palin	9	2021/22	122,900	0	0	122,900	29,103	0	152,003
Headteacher: Woodmansterne School		2020/21	0	0	0	0	0	0	0
Gary Phillips	10	2021/22	52,649	0	0	52,649	12,467	0	65,117
Headteacher: Lilian Baylis School		2020/21	125,455	0	0	125,455	29,708	0	155,162
Joanna Tarrant		2021/22	128,203	0	0	128,203	30,358	0	158,561
Headteacher: Elm Court School		2020/21	113,657	0	0	113,657	26,914	0	140,571
Christopher Toye		2021/22	178,505	0	0	178,505	0	0	178,505
Head Teacher -Ashmole, Vauxhall, Herbert Morrison and Wyvil Schools		2020/21	169,346	0	0	169,346	0	0	169,346

* Salary, fees and allowances include amounts considered for tax in the year it was paid and may include adjustments for payments relating to prior years

1. Andrew Travers started working a four-day week on 1 May 2021.

2. Bayo Dosunmu stepped into the role of Deputy Chief Executive and covered in Andrew Travers' absence.
3. Merlin Joseph payments for 2020/21 included earnings accrued in March 2020 and paid after 1 April 2020.

4. Annie Hudson left role on 31 March 2020, however remained as a part-time consultant until 21 December 2020.
5. Thomas Branton started as Director of Regeneration and Housing Growth with the council on 19 October 2020.
6. Alison McKane left the council on 30 November 2020.

7. Fateha Salim was acting up as Director of Legal and Governance from 1 February 2022 until 31 March 2022.
8. Bimpe Oki payments for 2021/22 included backpay following a pay review covering all payments made 1 April 2018 to 31 March 2021.
9. Samantha Palin started with Woodmansterne School on 1 April 2021.
10. Gary Phillips left Lilian Baylis School on 31st August 2021

7b. Remuneration Details – Higher Earners

The remuneration of the council's other employees receiving £50,000 or more, excluding pension contributions, is shown below in bands of £5,000. Due to pay inflation, the number of individuals falling within the scope of this disclosure increases each year. This note excludes those disclosed in the Senior Officers' Remuneration note.

Remuneration band	Number of school employees		*Number of other employees		Total number of employees	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
£50,000 - £54,999	233	248	203	183	436	431
£55,000 - £59,999	127	101	102	80	229	181
£60,000 - £64,999	82	74	56	55	138	129
£65,000 - £69,999	50	46	62	52	112	98
£70,000 - £74,999	28	29	24	9	52	38
£75,000 - £79,999	18	19	16	28	34	47
£80,000 - £84,999	15	14	9	11	24	25
£85,000 - £89,999	8	8	15	14	23	22
£90,000 - £94,999	13	16	16	6	29	22
£95,000 - £99,999	10	2	7	1	17	3
£100,000 - £104,999	1	5	9	4	10	9
£105,000 - £109,999	6	4	1	2	7	6
£110,000 - £114,999	1	7	3	3	4	10
£115,000 - £119,999	3	2	3	3	6	5
£120,000 - £124,999	2	1	2	2	4	3
£125,000 - £129,999	0	0	1	2	1	2
£130,000 - £134,999	0	0	0	0	0	0
£135,000 - £139,999	0	1	0	0	0	1
Total for £50,000 to £139,999	597	577	529	455	1126	1,032

7c. Exit Packages

Exiting Package cost band (including special payments)	Number of compulsory redundancies		Number of other Departures agreed		Total Number of Exit packages by cost band		Total Cost of Exit Packages in each band	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
£							£	£
0 – 20,000	9	15	116	56	125	71	810,153	641,663
20,001 – 40,000	9	37	15	12	24	49	698,293	1,091,720
40,001 – 60,000	4	3	8	0	12	3	589,630	128,185
60,001 – 80,000	0	2	4	2	4	4	249,973	141,717
80,001 – 100,000	1	0	1	0	2		185,049	0
100,001 – 150,000	2	0	1	0	3		356,339	0
150,001 – 200,000	0	0	1	0	1		155,657	0
Total	25	57	146	70	171	127	3,045,094	2,003,285

This note includes employees who received exit packages payments in 2021/22, even if their redundancy was agreed in the previous financial year

8. External Audit Costs

The council has incurred the following costs in relation to the audit of the Statement of Accounts performed by Mazars and the certification of grant claims performed by KPMG:

	2021/22 £'000	2020/21 £'000
Fees with regard to external audit services carried out by the appointed auditor for the year	176	179
Additional fees with regards to External audit services carried out by the appointed auditor for the year	0	41
Fees for the certification of grant claims and returns for the year	44	41
Total	220	261

GRANT INCOME, CONTRIBUTIONS AND TAXATION

9a. Capital Grants and Contributions

The council credited the following capital grants and contributions to the Comprehensive Income and Expenditure Statement in 2021/22:

Credited to Taxation and Non Specific Grant Income	2021/22 £'000	2020/21 £'000
Big Lottery Fund	(47)	(368)
Transport for London	(1,556)	(3,829)
Business Energy & Industrial Strategy	(1,757)	0
Section 20 Receipts	(5,114)	(3,964)
Standard Fund	(4,221)	(4,374)
S106 developers' contributions	(1,297)	(2,082)
GLA	(462)	(577)
Community Infrastructure Levy	(73)	(2,078)
Other Grants - Capital (under £1.5m)	(940)	(764)
Total Taxation and Non Specific Grant Income	(15,467)	(18,036)
Credited to Services		
Big Lottery Fund	0	0
Transport for London	0	0
Business Energy & Industrial Strategy	(1,878)	0
Standards Fund	(67)	(58)
S106 developers' contributions	(278)	(80)
GLA	(1,642)	(196)
Other Grants-Capital (under 1.5m)	(364)	(1,049)
Total Credited to Services	(4,229)	(1,383)
Grand Total	(19,696)	(19,419)

9b. Breakdown of Taxation and Non-Specific Grant Income

	2021/22 £'000	2020/21 £'000
Capital grants and Contributions – other (see note 9a)	(15,467)	(18,036)
Council Tax income	(126,679)	(131,331)
NNDR Retained Income	(53,378)	(27,206)
NNDR S31 Grant	(20,480)	(33,897)
Top-Up grant – business rates retention scheme	(63,754)	(65,246)
Revenue Support Grant	(32,385)	(32,207)
Other Non-service related grants (see note 9c)	(62,914)	(82,432)
Taxation and Non-Specific Grant Income	(375,057)	(390,355)

9c. Other Revenue Grant Income

The council credited the following other revenue grants to the Comprehensive Income and Expenditure Statement

Credited to Taxation and Non Specific Grant Income (Non - service related)	2021/22 £'000	2020/21 £'000
Adult Social Care Support	(11,957)	(9,338)
Community Infrastructure Levy	(5,866)	(144)
Contain Outbreak Management Fund	0	(6,241)
Covid-19 Additional Funding	(11,198)	(22,142)
Covid-19 Hardship Fund	(2,776)	(3,095)
Discretionary Grants Fund	0	(2,860)
Homelessness Reduction Act NB	(7,066)	0
Housing Benefit Admin Subsidy	0	(1,870)
Improved Better Care Fund	(14,507)	(14,507)
New Homes Bonus & New Homes Bonus Top Slice	(4,473)	(8,209)
Sales, Fees and Charges Compensation (Covid income loss)	(194)	(8,561)
Tackling Troubled Families	(1,490)	(1,837)
Grants Under £1.5m	(3,387)	(3,628)
Total Credited to Taxation and Non Specific Grant Income	(62,914)	(82,432)

Credited to Taxation and Non Specific Grant Income (service related)	2021/22 £'000	2020/21 £'000
Additional Restrictions Grant	(8,913)	0
Additional Restrictions Grant Phase 3	(2,445)	0
Additional Grant for Schools	(1,186)	(2,263)
Adult and Community Learning	(2,227)	(2,947)
Adult Social Care Infection Control Fund	0	(3,936)
Covid catch-up Premium - Schools	(2,359)	0
Dedicated Schools Grant	(225,837)	(217,650)
Discretionary Housing Payment	(1,216)	(1,549)
Household support fund	(3,208)	0
Housing Benefit Subsidy	(170,272)	(177,526)
JCP Flexible Support Grant	0	(5,062)
PFI Lilian Baylis PFI Project - DfE Grant	(2,930)	(1,931)
PFI Support Grant Income - Lambeth Myatts Field North HRA PFI Project	(7,729)	(7,728)
PFI Support Grant Income – Other	(2,786)	(2,786)
Public Health Grant	(33,459)	(32,451)
Pupil Premium	(11,780)	(11,990)
Rough Sleeping Grant	(2,224)	0
Teachers' Pay Grant	(215)	(1,778)
Teachers' Pension Grant	0	(5,370)
Test and Trace	(9,169)	0
Unaccompanied Children's Grant	(3,860)	(3,343)
Universal Infant Free School Meals	(2,231)	(2,906)
YPLA (LSC) 6th Form Grant	(6,497)	(5,670)
Other Covid-19 grants below £1.5m	(1,531)	(4,331)

Other government grants - Revenue (under £1.5m)	(22,359)	(11,202)
Non-government grants - Revenue	(138)	(337)
Better Care Fund - S75 Pooled Budget	(11,797)	(10,988)
Contributions from health authorities	(16,826)	(34,123)
Section 106	(12,374)	(2,219)
Other contributions income for schools	(1,785)	(6,734)
Other contributions under £1.5m	(25,496)	(7,332)
Total Credited to Services (Grants and Contributions)	(592,849)	(564,152)
Grand Total	(655,763)	(646,584)

10. Related Parties

This disclosure note has been prepared using the council's Register of Members' Declarations of Interest respect of related party transactions from Members and using specific declarations obtained in respect of related party transactions from Chief Officers. The council is required to disclose material transactions with related parties - bodies and individuals that have the potential to control or influence the council or to be controlled or influenced by the council. There were no outstanding balances at the 31 March 2022 unless otherwise stated.

Central Government

Central government has effective 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 and housing benefits).

During the financial year, service specific grants of £587 million (£585 million in 2020/21), were recorded in the Comprehensive Income & Expenditure account. In addition to this amount other grants were received for capital purposes from government departments such as the Department for Education or the Department of Health. Both Revenue and Capital Grants are disclosed in detail in Notes 9a, 9b and 9c.

Revenue and capital grants which have not yet been credited to the Comprehensive Income and Expenditure Statement are shown in notes 16 and 18 to the balance sheet respectively. Other amounts due to or from central government at the relevant balance sheet dates are included in the figures in notes 14 and 15.

Members

Members of the council have direct control over the council's financial and operating policies. During 2021/22 £2.5m (£6.4m in 2020/21) was paid to organisations in which 11 members (15 members in 2020/21) were on the governing body.

Organisation	Payments Made during 2020/21 £'000	Payments made during 2021/22 £'000
Black Cultural Archives	180	169
Clapham Park Project	37	20
HFL Build Limited	2,721	708
Local Government Association	91	89
London Youth Games Ltd	8	8
SW9 Community Housing	28	9
The Black Prince Trust	42	94
Vauxhall One	1,005	1,385

Organisation	Payments Made during 2020/21 £'000	Payments made during 2021/22 £'000
WATMOS Community Homes	2	2
Total	4,112	2,483

During 2021/22 £0.3m (£0.3m in 2020/21) was received from organisations in which 8 members (12 members in 2020/21) were on the governing body. These figures are excluding the Western Riverside Waste Authority transactions which are shown in the next section of this note. It also excludes transactions with NHS bodies.

Details of all these relationships are recorded in the Register of Members' Interests or the List of Council's Representatives on Other Bodies and outside organisations which are open to public inspection at Lambeth Town Hall during office hours. Further information is available in note 6 on allowances paid to members.

Senior Officers

In 2021/22 £69k (£0k in 2020/21) was paid to organisations in which 1 senior officer (0 in 2020/21) had related parties which excluded the HFL Group and NHS bodies.

Other Public Bodies

In addition, the council paid £15.2m (£13.7m in 2020/21) to Western Riverside Waste Authority in respect of waste disposal charges and £1.1m (£1.2m in 2020/21) in respect of levies.

Amounts due to or from other local authorities at the relevant balance sheet dates are included in the figures in notes 14 and 15.

The council has borrowings (including accrued interest) of £728.9m (£648.8m in 2020/21) with the Public Works Loan Board (PWLb). Interest payable on these loans was £27.4m (£26.3m in 2020/21). The Waste Authority and PWLB are under common control of central government.

Material transactions with the Pension Fund are disclosed in the Pension Fund accounts. The Fund owed the council £1.72m as at 31 March 2022 (£1.11m as at 31 March 2021). During the year, no trustees or Council Chief Officers with direct responsibility for the Pension Fund have undertaken transactions with the Pension Fund. The council charged the fund £1.70m (£1.10m in 2020/21) for expenses incurred in administering the fund. Details are in the Pension Fund Accounts.

Wholly owned Subsidiaries

In July 2017 Lambeth Council setup four Limited Companies to deliver housing within the council area.

These are called:

HFL GROUP LIMITED
HFL BUILD LIMITED
HFL HOMES LIMITED
HFL LIVING LIMITED

The council is the sole 100% shareholder of the companies.

Group accounts have been prepared incorporating HFL Group Limited as at 31 March 2022.

In April 2019, HFL Group Limited issued 80,000,000 shares of 10p, in consideration of a head lease for 70 council level rent properties at Lollard Street, the market value of which is £8,000,000 and is reflected as a LT investment in the Council's financial statements. The company granted a sublease of these properties to HFL Homes.

The single entity financial statements include income receivable from HFL Group Limited and its subsidiaries of £1.6m (£1.0m in 2020/21) and expenditure payable of £0.7m (£2.3m in 2020/21).

The council has also advanced GLA grants of £1.0m to HFL Homes Limited, which were received by the council from the GLA on behalf of HFL Homes Limited.

As at 31 March 2022 the council's balance sheet includes short term debtors relating to HFL Group Limited and its subsidiaries of £1.0m (2020/21 £1.0m) and short term creditors of £0.1m (2020/21 £0).

In 2021/22 Lambeth issued £32.0m of loans to HFL Group Limited and its subsidiaries (£12.1m in 2020/21). Total interest charges for the year on all loans were £1.4m (£0.3m 2020/21). The outstanding balance of loans at 31st March 2022 was £45.9m (£15.5m in 2020/21). The directors in office for HFL Group, as at 31 March 2022 are as follows:

Directors of HFL Group Limited	Date of Appointment
Wendy Stokes	31/07/2018
David Amos	31/10/2018
Ivor Davenport	15/05/2019
Richard Stevens	15/09/2019
Thomas Branton	01/12/2020
Fiona McDermott	01/12/2020
Neil Euesden	01/12/2020
Caroline Pillay	10/12/2020
Jitinder Takhar	12/04/2021

11. Better Care Fund (Pooled Budget)

The council entered into a pooled budget arrangement with Lambeth Clinical Commissioning Group (CCG) in 2014/15. This ongoing agreement is for the provision of services to improve the health and wellbeing of the people living in Lambeth and is extended annually. Services provided through this pooled fund cover mental and physical health, care and support for carers, and are focused on enabling people to recover quickly following a hospital stay, improving mental health care and staying independent.

The arrangement is made in accordance with Section 75 (S75) of the National Health Service Act 2006 and any surplus or deficit generated will be the responsibility of the respective partner to whom it is attributed. The pooled budget includes all income and expenditure relating to the Better Care Fund (BCF), whether funded by the local authority or the NHS. It is hosted by Lambeth Council, however not all transactions pass through the council's accounting system.

Funding provided to the pooled budget	2021/22 £'000	2020/21 £'000
Lambeth Council	(16,185)	(15,986)
CCG	(27,682)	(26,416)
Total funding provided to the pooled budget	(43,867)	(42,402)
Expenditure met from pooled budget		
Lambeth Council	27,954	26,974
CCG	15,913	15,428
Total expenditure met from the pooled budget	43,867	42,402
Net surplus / deficit arising on the pooled budget during the year	0	0

NOTES TO THE BALANCE SHEET

12a. Property, Plant and Equipment

Balances as at 31 March 2022	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation	2,426,722	1,263,866	109,739	9,449	47,158	89,016	3,945,970
Accumulated Depreciation	(8,849)	(2,393)	(83,645)	0	(162)	0	(95,050)
Carrying Amount	2,417,873	1,261,493	26,094	9,449	46,996	89,016	3,850,920
Owned	2,376,137	1,205,263	26,093	9,272	46,996	89,016	3,752,777
PFI	41,736	56,230	0	177	0	0	98,143
Carrying Amount	2,417,873	1,261,493	26,093	9,449	46,996	89,016	3,850,920

Movement in carrying amount	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under construction £'000	Total £'000
At 1 April 2021	2,257,821	1,206,391	36,987	153,678	8,955	75,137	84,523	3,823,492
Reclassifications	18,880	4,898	(16,751)	(2,067)	0	(8,389)	3,429	0
Additions	22,725	26,110	11,898	9,383	482	4,814	19,861	95,272
Revaluation gains/(losses) recognised in the revaluation reserve	122,710	50,877	85	0	12	(19,339)	14,838	169,183
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	26,736	(5,989)	0	0	0	(3,529)	(31,798)	(14,580)
Depreciation	(26,342)	(12,598)	(6,126)	(10,712)	0	(928)	0	(56,706)
Impairments recognised in the revaluation reserve	(71)	(2,339)	0	0	0	429	(1,447)	(3,428)
Impairments recognised in the surplus / deficit on the provision of services	(8)	(582)	0	0	0	(429)	(53)	(1,072)
Disposals and Decommissioning	(4,578)	(5,275)	0	0	0	(769)	(337)	(10,959)
Assets reclassified (to) / from Held for Sale	0	0	0	0	0	0	0	0
At 31 March 2022	2,417,873	1,261,493	26,093	150,282	9,449	46,996	89,016	4,001,202

Balances as at 31 March 2021	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation	2,266,631	1,207,656	114,506	8,955	75,425	84,523	3,757,696
Accumulated Depreciation	(8,810)	(1,266)	(77,519)	0	(288)	0	(87,883)
Carrying Amount	2,257,821	1,206,390	36,987	8,955	75,137	84,523	3,669,813
Owned	2,218,940	1,151,485	36,987	8,778	75,137	84,523	3,575,850
PFI	38,881	54,905	0	177	0	0	93,963
Carrying Amount	2,257,821	1,206,390	36,987	8,955	75,137	84,523	3,669,813

Movements in Carrying Amount	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
At 1 April 2020	2,254,295	1,301,970	59,965	152,752	7,382	41,957	50,266	3,868,587
Reclassifications	17,522	(61,994)	(17,820)	0	0	55,881	6,411	0
Additions	30,167	28,352	6,483	11,390	1,590	215	27,846	106,043
Revaluation gains/(losses) recognised in the revaluation reserve	(7,197)	(7,657)	0	0	(17)	(6,665)	0	(21,536)
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	(7,053)	(25,433)	0	0	0	(15,801)	0	(48,287)
Depreciation	(26,303)	(14,225)	(8,661)	(10,464)	0	(450)	0	(60,103)
Impairments recognised in the revaluation reserve	(70)	(1,067)	0	0	0	0	0	(1,137)
Impairments recognised in the surplus / deficit on the provision of services	(125)	(136)	0	0	0	0	0	(261)
Disposals and Decommissioning	(3,415)	(12,980)	(2,980)	0	0	0	0	(19,375)
Assets reclassified (to) / from Held for Sale	0	(440)	0	0	0	0	0	(440)
At 31 March 2021	2,257,821	1,206,390	36,987	153,678	8,955	75,137	84,523	3,823,491

Infrastructure assets are measured on a depreciated historical cost basis. However, the accounting rules that applied before 1 April 1994 mean that the carrying amount only reliably includes expenditure of acquisition and enhancement incurred after this date. Expenditure incurred before this date is only included to the extent that it had not been financed before the end of the 1993/94 financial year.

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets, the note above does not include disclosure of gross cost and accumulated depreciation for infrastructure assets. This is 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.

All replaced infrastructure components are determined to have fully depreciated and have a net amount of nil.

Note 12h shows the split of the carrying amount of infrastructure assets between PFI assets and those owned by the Council.

12b. Property, Plant & Equipment valuation dates

The following table gives a breakdown of the net book values above between assets held at historic cost and assets held at current value, indicating how much of this is for assets valued in each of the last five financial years, including 2021/22.

Balances as at 31 March 2022	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	0	0	26,093	150,282	9,449	0	46,124	243,514
Valued at current value as at:								
31 March 2018	61	290	0	0	0	0	0	352
31 March 2019	0	5,755	0	0	0	0	14,740	20,495
31 March 2020	0	36,844	0	0	0	0	38	36,882
31 March 2021	3,519	98,785	0	0	0	11,397	205	113,906
31 March 2022	2,414,293	1,119,818	0	0	0	35,599	27,910	3,597,620
Total cost or valuation	2,417,873	1,261,493	26,093	150,282	9,449	46,996	89,016	4,001,202

12c. Intangible Assets

The council accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include only purchased licenses. The value of the licences held by the council is immaterial and is written off on a straight-line basis over the estimated useful life of four years. The charge is in Cost of Services within the CIES.

The movement on Intangible Asset balances during the year is as follows:

	31 March 2022	31 March 2021
	Software Licences £'000	Software Licences £'000
Balance at start of year:		
Gross carrying amounts	16,404	14,601
Accumulated amortisation	(14,006)	(10,933)
Net carrying amount at start of year	2,398	3,668
Additions:		
Purchases	3,459	177
Amortisation for the period	(1,014)	(1,102)
Net carrying amount at end of year	4,844	2,743
Comprising:		
Gross carrying amounts	19,863	14,778
Accumulated amortisation	(15,020)	(12,035)
Balance at end of year	4,844	2,743

12d. Capital Expenditure and Capital Financing

Capital Financing Requirement	31 March 2022 £'000	31 March 2021 £'000
Opening Capital Financing Requirement	1,070,505	1,026,581
Capital Investment		
Property, Plant and Equipment	95,273	106,043
Heritage Assets	97	462
Intangible Assets	3,459	1,626
Revenue Expenditure Funded from Capital under Statute	30,851	9,757
Investments	33,426	0
Sources of Finance		
Repayment of loan	(3,062)	0
141 Capital Receipts	0	0
Capital Receipts	(9,900)	(8,651)
Government grants and other contributions	(15,699)	(14,460)
Major Repairs Reserve	(25,027)	(32,844)
Section 20	1	(2,430)
S106 contributions	(1,575)	(2,163)
Community Infrastructure Levy	(5,828)	(3,954)
Direct revenue contributions	0	(264)
Sums set aside from revenue	(3,049)	(1,587)
MRP / loans principal	(13,678)	(7,611)
Closing Capital Financing Requirement	1,155,794	1,070,505

12e. Capital Commitments

	31 March 2022 £'000	31 March 2021 £'000
Finance & Investment	0	0
Resident Services (GF)	16,590	27,858
Resident Services (HRA)	36,923	23,612
Sustainable Growth & Opportunity	6,807	6,794
Total	60,320	58,264

The figures in the note above are based on outstanding purchase order amounts.

The largest capital commitments within Resident Services (GF) are for Lambeth Archives, the new build of an Adult Day Centre, Sudbourne School and a Waste and Cleansing Fleet Replacement programme. Somerleyton Road works are the largest capital commitment within Sustainable Growth & Opportunity. The HRA includes LHS works and expenditure relating to Fire Risk Assessment works.

12f. Assets Held for Sale

	31 March 2022 £'000	31 March 2021 £'000
Balance at start of year	440	1,636
Assets sold	(440)	(1,636)
Assets Reclassified as Assets Under Construction	0	0
Revaluations	0	0
Assets newly classified as held for sale:		
Property, Plant and Equipment	0	440
Balance at year-end	0	440

12g. Heritage Assets

Heritage assets held by the council, principally for their contribution to knowledge or culture, comprise the following: -

- **Historic Buildings** - The Brixton Windmill, built in the 19th century, has been restored to its original condition.
- **Art Collection** - Includes a granite sculpture and permanent oak sculptures, part of an ongoing programme of regeneration.
- **Water Features** – Include a number of drinking fountains in need of refurbishment
- **Memorials** – Include sculptures and statues in several Lambeth Parks

They are recognised and measured in accordance with the council's accounting policies on property, plant and equipment.

There are some heritage assets held at zero value because the cost of obtaining a valuation would outweigh the benefit to users of the accounts.

12h. Reconciliation of Infrastructure assets to PPE

As infrastructure assets are not disclosed on the face of the Balance Sheet the reconciling note below shows total PPE assets analysed between PFI assets and those owned by the Council:

Balances as at 31 March 2022	Infrastructure Assets £'000	Other PPE Assets £'000	Total PPE Assets £'000
Owned	138,151	3,752,777	3,890,928
PFI	12,131	98,143	110,274
Carrying Amount	150,282	3,850,920	4,001,202

Balances as at 31 March 2021	Infrastructure Assets £'000	Other PPE Assets £'000	Total PPE Assets £'000
Owned	141,113	3,575,850	3,716,963
PFI	12,565	93,963	106,528
Carrying Amount	153,678	3,669,813	3,823,491

Movements in carrying amount are shown in note 12a above.

13a. Financial Instruments

	Non-Current		Current	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Rents	0	0	(15,562)	(11,244)
Right to buy service charges and s20 creditors	0	0	(5,702)	(6,821)
Other payables	0	0	(120,216)	(132,525)
Short-term Borrowing – PWLB	0	0	(17,090)	(7,081)
Short-term Creditors – IFRIC 12	0	0	(4,820)	(4,729)
Long-term Borrowing – PWLB	(721,658)	(641,658)	0	0
Long-term Borrowing – Housing Zone Loan	(9,810)	(9,625)	0	0
Long-term Creditors – IFRIC12	(81,189)	(86,009)	0	0
Total Financial Liabilities at Amortised Cost	(812,657)	(737,292)	(163,390)	(162,400)
Rents	0	0	15,670	14,043
Right to buy service charges and S20 works	0	0	20,444	19,556
Other receivables	0	0	63,663	58,404
Long-term Debtors	48,203	16,245	0	0
LT Investments -FVPL	35,645	26,296	0	0
LT Investments - Other	0	8,000	20,061	10,046
Total Financial Assets at Amortised Cost unless otherwise stated above	83,848	50,541	119,838	102,049

The balances on both the non-current and current categories of financial liabilities does not include all elements of creditors.

The reason for exclusions is that some sections of creditors relate to statutory functions, not contractual arrangements and therefore do not meet the definition of a financial instrument or is deferred income.

Similarly, and for the same reason, the balance on financial liabilities and financial assets consists of short-term loans and excludes some elements of debtors.

All liabilities arising from financing activities, as shown above are from cash flows.

13b. Impairment (credit) losses on receivables

Reconciliation of Allowance for Credit Account (Provision for doubtful debts)	Rent Debtors £'000	Sundry Debtors £'000	RTB and S20 Leaseholders £'000	Parking Debtors £'000	Total £'000
Balance as at 31 March 2020	(10,671)	(11,477)	(3,250)	(11,190)	(36,588)
Write-offs	615	751	3,964	5,304	10,634
Set up/Release	(2,310)	(831)	(1,710)	(7,497)	(12,348)
Balance as at 31 March 2021	(12,366)	(11,557)	(996)	(13,383)	(38,302)
Write-offs	0	0	0	9,785	9,785
Set up/Release	(2,569)	0	0	(11,593)	(14,163)
Balance as at 31 March 2022	(14,935)	0	(996)	(15,191)	(42,679)

13c. Income, Expense, Gains and Losses

Details of the council's income and expenditure in relation to interest payable and receivable

	2021/22 £'000	2020/21 £'000
Interest Receivable	(2,115)	(993)
Interest Payable	34,984	34,738
Impairment Loss on financial assets	(14,163)	(12,349)
Total	18,706	21,396

13d. Fair Values of Assets and Liabilities

The fair value of PWLB debt has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments discounted by interest rates at the balance sheet date based on PWLB redemption interest rates advised on PWLB. Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.

The fair value of trade and other receivables and payables is taken to be the invoiced or billed amount. Liabilities arising from service concession arrangements and finance leases are calculated on the life of the arrangement or lease using the implicit rate of interest in the lease. The liability is therefore assumed to be approximate to fair value. Trade and other receivables and payables and liabilities arising from service concession arrangements and finance leases have therefore not been included in the table below.

	31 March 2022		31 March 2021	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial assets – Resonance Fund investment	27,645	27,645	26,296	26,296
Financial liabilities – PWLB debt	(721,658)	(1,112,272)	(641,658)	(1,133,659)
Financial liabilities – Housing zone loan	(9,810)	(9,810)	(9,625)	(9,625)

Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur

Level 1 - those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - those where quoted market prices are not available.

Level 3 - those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following table provides an analysis of the financial assets assessed as level 3, based on the level at which the fair value is observable.

Reconciliation of Fair Value Measurements within Level 3	Market Value 31 March 2022 £'000	Unrealised gain £'000	Market Value 31 March 2021 £'000
Long Term Investment	27,645	1,349	26,296

The carrying amount of the Resonance Fund investment is the same as the fair value because it is held in the balance sheet at 'fair value through profit + loss'. The £1,349k gain resulting from this valuation (valuation dated 31 March 2021) is recognised in Financing & Investment income / expenditure for 2021/22 in the CIES (£55k gain in 2020/21). It does not impact the general fund balance as it is reversed through the MIRS as an adjustment between accounting and funding basis under regulations.

All other financial assets are held at amortised cost unless otherwise annotated in the tables above.

The fair value of the liabilities for PWLB debt is higher than the carrying amount because the council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates for similar loans at the Balance Sheet date.

This commitment to pay interest above the market increases the amount the council would have to pay if the PWLB agreed to early repayment of the loans.

A liability has been recognised for a £10m interest free loan (Housing Zone loan) received in instalments between March 2018 and March 2020. In accordance with the code of practice, the value of the non-payable interest has been deducted from the loan balance and accounted for as grant income to be recognised in each year to offset interest which will accrue annually, being added to the loan balance until it reaches the £10m to be repaid in March 2023.

13e. Nature and Extent of Risks Arising from Financial Instruments

The council has put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of its treasury activities. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003, and associated regulations, which require the council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. The council, in complying with this framework, acknowledges that effective management and control of risk are the prime objectives of its treasury management activities and responsibility for these lie clearly within the organisation. The key policy documents including the council's Treasury Management Strategy as approved by full Council are available on the council's website.

Credit risk

Credit risk principally arises on deposits with bank and other financial institutions in relation to deposits. The risk is mitigated through the council's treasury management strategy. This requires that:

- Deposits are made with banks and other financial institutions that have been rated by independent credit rating agencies with a minimum score of BBB-.
- Deposits can be made with other institutions that have not found it necessary to maintain a credit rating e.g. certain building societies and local authorities, subject to an assessment of risk that is carried out internally. Deposits to these bodies are

limited to a percentage of the asset value of the institution.

- No more than £20 million is held with any one institution, regardless of standing or duration, except for the council's main bank (NatWest) and the government DMADF facility. A range of counterparties are used to diversify and spread risk.

The council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the council's deposits but there was no evidence at 31 March 2022 that this was likely to crystallise. Deposit protection arrangements as outlined in the council's Treasury Management Strategy will limit any losses that may arise.

The council's external Treasury advisors have valued the council's fixed term deposits (maturity investments) by comparison of the fixed term investment with a comparable investment with the same/similar lender for the remaining period of the deposit. For loans from the PWLB, they have provided fair value estimates using redemption discount rates.

The council has a low credit risk arising from other financial assets. The council has an investment in the Resonance Fund, and it is renewable every 7 years. It is for the provision of accommodation for residents. This is deemed low risk as the investments are tied to specific properties and the council is carrying the investments at fair value on its balance sheet. Debtors are not subject to internal credit rating and expected credit losses are calculated using provision matrices

that forecast future losses taking account of historical data as adjusted for factors that are specific to each category of debt, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date.

. Impairments on receivables are outlined in note 13b.

13f. Term deposits with banks and financial institutions

Term deposits with banks and financial institutions	31 March 2022 £'000	31 March 2021 £'000
Investments with Banks	15,179	15,178
Investments with Building Societies	10,000	0

The authority has UK Banks on its lending list and the limits are set out in the Annual Treasury Strategy Report approved by the authority. The figure above shows the maximum exposure for all banks at that date. Building Societies on the counterparty list are ranked based on level of assets held. The list and risk are reviewed based on the market indicators available.

13g. Analysis by Maturity

Book Value of Borrowing	31 March 2022 £'000	31 March 2021 £'000
Maturing in 1 to 10 years (incl. Home Zone – see 13a. above)	96,167	95,982
Maturing in 10 to 20 years	47,256	47,256
Maturing in 20 to 30 years	64,106	38,464
Maturing in 30 to 40 years	203,939	229,581
Maturing in more than 40 years	320,000	240,000
Total	731,468	651,283

Market Risk

The council is not exposed to any significant risks in terms of interest rate movements on its borrowing and investments. The spread of investments takes account of prevailing and as far as possible future market forecasts from different sources of the trend and future interest rates risks. All borrowing is with the Public Works Loan Board on a fixed term and fixed interest basis. Interest receivable on call accounts, which move in parallel with the money markets, is credited to the Comprehensive Income and Expenditure Statement. Based on the amount of cash held in such accounts at 31 March 2022 a 1% change in interest rates would change the interest receivable by £0.01m.

14. Short-Term Debtors by category of counterparty

	31 March 2022 £'000	31 March 2021 £'000
Central government bodies	35,882	44,770
Other Local Authorities	27,347	38,410
Public Corporations and Trading Funds	17	38
National Health Service Bodies	1,940	981
Other Entities and Individuals	139,625	122,819
Total	202,511	207,018

15. Short-Term Creditors by category of counterparty – which includes Note 16 as a subset

	31 March 2022 £'000	31 March 2021 £'000
Central government bodies*	(111,457)	(82,051)
Other Local Authorities	(13,129)	(9,263)
Public Corporations and Trading Funds	(32)	0
National Health Service Bodies	(15,862)	(13,057)
Other Entities and Individuals	(112,172)	(144,376)
Total	(252,652)	(248,747)

* Revenue Grants Receipts in Advance have been included above although they appear on a separate line on the face of the Balance Sheet.

16. Revenue Grants Receipts in Advance

	31 March 2022 £'000	31 March 2021 £'000
Additional Grant for Schools	0	(6,017)
Adult and Community Learning	(1,243)	(848)
Adult and Social Care Infection Fund	(558)	0
Community Discharge Grant	(920)	(546)
COVID-19 Additional Relief Fund (CARF)	(9,304)	0
COVID-19 CEV Support Funding	(834)	0
Dedicated Schools Grant	0	(575)
Discretionary Fund	(1,526)	0
Lilian Baylis PFI Project	0	(1,000)
Local Digital Fund	(1,526)	0
National Leisure Recovery Fund	(44)	(637)
Rough Sleeping Grant	(559)	0
S31 NDR Retail Relief	(51,014)	(58,612)
Test and Trace	(370)	(4,863)
Government Grants (under £500k)	(2,071)	(3,003)
Government Grants Subtotal	(69,969)	(76,101)
Non-Government Grants	(241)	(226)
Total Revenue Grant Receipts in Advance	(70,210)	(76,326)

17. Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	31 March 2022				31 March 2021			
	Lambeth £'000	GLA £'000	Central Government £'000	Total £'000	Lambeth £'000	GLA £'000	Central Government £'000	Total £'000
Under 1 year								
Council Tax	5,592	1,746	N/A	7,338	9,208	2,727	N/A	11,935
Non-domestic rates	661	816	727	2,204	929	1,145	1,022	3,096
Over 1 year								
Council Tax	15,952	4,982	N/A	20,935	9,667	2,863	N/A	12,530
Non-domestic rates	5,877	7,248	6,465	19,590	3,427	4,226	3,769	11,422
	28,082	14,792	7,192	50,066	23,231	10,961	4,791	38,983

18. Capital Grant Receipts in Advance

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver if the condition is not met.

The balances at the year-end are as follows:

	31 March 2022 £'000	31 March 2021 £'000
Developers' contribution	(21,772)	(19,272)
Standard Fund	(2,686)	(132)
Greater London Authority	(6,391)	(6,335)
Ministry of Housing, Communities & Local Government	(4,933)	(3,997)
Other Grant	(10,728)	(1,107)
CURRENT LIABILITIES	(46,461)	(30,843)

	31 March 2022 £'000	31 March 2021 £'000
Developers' contribution	(28,318)	(27,208)
Standard Fund	(236)	(220)
Greater London Authority	(645)	(847)
Ministry of Housing, Communities & Local Government	(81)	(91)
Other Grant	(915)	(1,130)
NON-CURRENT LIABILITIES	(30,195)	(29,496)
Total Capital Grants Receipts in Advance	(76,656)	(60,339)

19. Dedicated Schools Grant (DSG)

The council's expenditure on schools is funded by grant monies provided by the Department for Children, Schools and Families – the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget has two components – one for a restricted range of services provided on an authority-wide basis and the other for the Individual Schools Budget, which is divided into a budget share for each school. The council is required to account separately for overspends and underspends on the two components. Details of the deployment of DSG receivable for 2021/22 and 2020/21 are as follows:

2021/22 DSG	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
Final DSG for 2021/22 before academy and high needs recoupment	-	-	(300,560)
Academy and high needs figure recouped for 2021/22	-	-	77,019
Total DSG after academy and high needs recoupment for 2021/22	-	-	(223,541)
Plus: Brought forward from 2020/21	-	-	-
Carry-forward to 2022/23 agreed in advance	-	-	(882)
Agreed initial budgeted distribution in 2021/22	(45,555)	(178,868)	(224,423)
In year adjustments	(27)		(27)
Final budget distribution for 2021/22	(45,582)	(178,868)	(224,450)
Less: Actual central expenditure	46,969	-	46,969
Less: Actual ISB deployed to schools	-	178,868	178,868
Plus: Local authority contribution for 2021/22	-	-	-
In Year Carry-forward to 2022/23	1,387		1,387
Carry-forward to 2022/23 agreed in advance	-	-	882
Carry-forward to 2022/23	-	-	-
DSG unusable reserve at end of 2020/21			474
Addition to DSG unusable reserve at end of 2021/22			2,269
Total of DSG unusable reserve at end of 2021/22			2,743
Net DSG position at end of 2021/22			2,743

2020/21 DSG	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
Final DSG for 2020/21 before academy and high needs recoupment	-	-	(289,100)
Academy and high needs figure recouped for 2020/21	-	-	73,605
Total DSG after academy and high needs recoupment for 2020/21	-	-	(215,496)
Plus: Brought forward from 2019/20	-	-	(2,226)
Carry-forward to 2021/22 agreed in advance	-	-	1,250
Agreed initial budgeted distribution in 2020/21	(38,863)	(177,608)	(216,471)
In year adjustments	-	545	545
Final budget distribution for 2020/21	(38,863)	(177,063)	(215,926)
Less: Actual central expenditure	40,587	-	40,587
Less: Actual ISB deployed to schools	-	177,063	177,063
Plus: Local authority contribution for 2020/21	-	-	-
In Year Carry-forward to 2021/22	1,724	-	1,724
Carry-forward to 2021/22 agreed in advance	-	-	(1,250)
DSG unusable reserve at end of 2020/21			474
Addition to DSG unusable reserve at end of 2020/21			-
Total of DSG unusable reserve at end of 2020/21			474
Net DSG position at end of 2020/21			474

20a. Leases – Authority as Lessee

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

	31 March 2022 £'000	31 March 2021 £'000
Not later than one year	921	2,438
Later than one year and not later than five years	1,511	5,563
Later than five years	2,461	2,809
Total	4,893	10,810

The leases relate to land, buildings, and vehicles, and are charged to the relevant service line in the Comprehensive Income and Expenditure Statement. The total expenditure in 2021/22 was £1.0m, comprising £1.0m Minimum Lease Payments (£4.0m in 2020/21).

20b. Leases – Authority as Lessor

(i) The Council has leased out three properties in the borough on a finance lease (Brixton Enterprise Centre, Gothic Lodge and The Young Vic Theatre). The Council's gross investment in the leases of £2.07m (£2.1m in 2020/21), represents future minimum lease payments, with no anticipated residual values at the end of the lease term (unchanged from 2020/21).

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

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Not later than one year	30	30	7	7
Later than one year and not later than five years	119	119	23	25
Later than five years	1,925	1,955	72	77
Total	2,073	2,103	102	109

Of the total of £2,073k, the element of unearned finance income was £1,657k, with £415k going towards repayment of the lease debtor (£1,686k and £416k in 2020/21). There was no contingent rent corresponding to these lease arrangements.

(ii) The future minimum lease payments due under non-cancellable operating leases in future years are:

	31 March 2022 £'000	31 March 2021 £'000
Not later than one year	5,147	4,993
Later than one year and not later than five years	16,556	16,352
Later than five years	25,000	27,251
Total	46,703	48,596

The increase in future minimum lease payments is due to some long term leases that reached the end of their life being renewed.

21. IFRIC 12 – Service Concession Arrangements (including PFI / PPP contracts)

The council has recognised four contracts on its Balance Sheet:

Norwood Hall is a PFI that started in June 2014 and £8.8m of new asset were recognized accordingly. £0.95m of payments were made in 2021/22 (£1.10m in 2020/21). The contract will last for 24 years and the asset will revert to Lambeth at that time. It is a multi-purpose health and leisure facility for the benefits of the community.

The Lilian Baylis contract provided the rebuild of the secondary school in Kennington (which became operational in January 2005) and continues to provide further investment in infrastructure and maintenance at the site. The contract runs until July 2030, with payments in 2021/22 totalling £3.25m (£3.28m in 2020/21). Currently payments vary only with changes in RPIX and no other factor.

Lambeth Lighting Services Ltd provides replacements, upgrades and new installations of street lighting throughout the borough. Payments in 2021/22 amounted to £2.48m (£2.70m in 2020/21) and the contract will run until 2031. The authority will take full

ownership of all created and refurbished lighting at the end of the contract.

Myatt's Field North Estate is being transformed by the construction of 305 new homes, refurbishment of 172 existing homes, and the creation of new streets, play areas and green spaces. The 25 year PFI contract started in 2012, with the construction phase of the project lasting until March 2017, with a total value of £80.7m recognised since the start of the contract. Payments on this contract in 2021/22 were £10.6m (£10.4m in 2020/21). 357 homes will be sold; the council will retain ownership.

21a. The value of assets held under PFI and similar contracts and an analysis of the movement in those values.

	Lilian Baylis £'000	Norwood Hall £'000	Lambeth Lighting £'000	Myatts Field North £'000	Total £'000
01-Apr-2021	27,925	26,674	12,565	39,364	106,528
Additions	234	0	0	381	615
Revaluations	559	633	0	3,696	4,888
Depreciation	(438)	(425)	(433)	(461)	(1,757)
Disposals	0	0	0	0	0
31-Mar-2022	28,280	26,882	12,132	42,980	110,274

	Lilian Baylis £'000	Norwood Hall £'000	Lambeth Lighting £'000	Waste Fleet £'000	Myatts Field North £'000	Total £'000
01-Apr-2020	28,704	23,404	12,998	2,746	39,495	107,347
Additions	175	0	0	920	0	1,095
Revaluations	(481)	3,643	0	0	329	3,491
Depreciation	(473)	(373)	(433)	(686)	(460)	(2,425)
Disposals	0	0	0	(2,980)	0	(2,980)
31-Mar-2021	27,925	26,674	12,565	0	39,364	106,528

21b. The value of outstanding liabilities resulting from PFI, finance leases and similar contracts at each Balance Sheet date and an analysis of the movement in those values.

	Lilian Baylis £'000	Lambeth Lighting £'000	Norwood £'000	Myatts Field North £'000	Total £'000
31-March-2021	(7,951)	(5,733)	(7,056)	(69,998)	(90,738)
Liability in year	0	0	0	0	0
Payments in year	598	642	299	3,190	4,729
31-March-2022	(7,353)	(5,091)	(6,758)	(66,808)	(86,010)

	Lilian Baylis £'000	Lambeth Lighting £'000	Norwood £'000	Myatts Field North £'000	Waste Fleet £'000	Total £'000
31-March-2020	(8,526)	(6,364)	(7,337)	(72,907)	(982)	(96,116)
Liability in year	0	0	0	0	0	0
Payments in year	575	631	281	2,909	982	5,378
31-March-2021	(7,951)	(5,733)	(7,056)	(69,998)	0	(90,738)

21c. Details of payments due to be made under PFI, finance leases and similar contracts (separated into repayments of liability, interest and service charges) as at 31 March 2022 are set out in the table below.

Lilian Baylis 31 March 2022

	Liability £'000	Interest £'000	Service £'000	PPE £'000	Total £'000
Within 1 Year	601	1,483	975	311	3,370
2-5 Years	3,065	5,773	4,150	1,357	14,345
6-10 Years	3,687	4,253	3,122	666	11,728
Total	7,353	11,509	8,247	2,334	29,443

Lilian Baylis 31 March 2021

	Liability £'000	Interest £'000	Service £'000	PPE £'000	Total £'000
Within 1 Year	598	1,524	951	216	3,289
2-5 Years	2,752	5,827	4,049	1,368	13,996
6-10 Years	4,601	5,682	4,199	966	15,448
Total	7,951	13,033	9,199	2,550	32,733

Lambeth Lighting 31 March 2022

	Liability £'000	Interest £'000	Service £'000	PPE £'000	Total £'000
Within 1 Year	653	480	1,376	130	2,639
2-5 Years	2,434	1,285	5,977	870	10,566
6-10 Years	2,004	425	6,097	1,182	9,708
Total	5,091	2,190	13,450	2,182	22,913

Lambeth Lighting 31 March 2021

	Liability £'000	Interest £'000	Service £'000	PPE £'000	Total £'000
Within 1 Year	642	526	1,342	127	2,637
2-5 Years	2,532	1,548	5,785	696	10,561
6-10 Years	2,559	642	7,665	1,486	12,352
Total	5,733	2,716	14,792	2,309	25,550

Myatt's Field 31 March 2022

	Liability £'000	Interest £'000	Service £'000	Total £'000
Within 1 Year	3,240	4,456	3,462	11,158
2-5 Years	14,361	15,683	15,792	45,836
6-10 Years	19,894	13,163	27,196	60,253
11-15 Years	28,647	7,823	27,416	63,886
16-20 Years	666	140	425	1,231
Total	66,808	41,265	74,291	182,364

Myatt's Field 31 March 2021

	Liability £'000	Interest £'000	Service £'000	Total £'000
Within 1 Year	3,190	4,668	3,186	11,044
2-5 Years	13,929	16,620	14,799	45,348
6-10 Years	19,053	14,481	26,021	59,555
11-15 Years	26,008	8,510	28,633	63,151
16-20 Years	7,818	1,654	4,837	14,309
Total	69,998	45,933	74,291	193,407

Norwood Hall 31 March 2022

	Liability £'000	Interest £'000	Service £'000	Total £'000
Within 1 Year	326	606	206	1,138
2-5 Years	1,361	2,381	1,101	4,843
6-10 Years	1,731	2,719	2,079	6,529
11-15 Years	1,808	2,396	2,875	7,079
16-20 Years	1,532	1,534	1,358	4,424
Total	6,758	9,636	7,619	24,013

Norwood Hall 31 March 2021

	Liability £'000	Interest £'000	Service £'000	Total £'000
Within 1 Year	299	600	211	1,110
2-5 Years	1,343	2,404	979	4,726
6-10 Years	1,702	2,757	2,013	6,472
11-15 Years	1,697	2,386	2,823	6,906
16-20 Years	2,015	2,089	1,807	5,911
Total	7,056	10,236	7,833	25,125

22. Provisions

Description	Balance at 31-Mar-21 £'000	Additional provision £'000	Amounts Utilised £'000	Amounts Released £'000	Balance at 31 March 2022 £'000
Insurance Fund GF	(5,344)	(1,421)	1,226	0	(5,539)
NNDR Provision for Appeals	(4,002)	(37)	4,489	(1,478)	(1,027)
Redress Scheme	(31,799)	(30,300)	24,459	0	(37,640)
Tax & VAT Assessments	(285)	0	0	0	(285)
Term Time Ruling	(4,000)	0	3,759	0	(241)
Small Provisions	(134)	(320)	134	0	(320)
Disputes	(1,123)	0	0	0	(1,123)
Sub-Total GF Provisions	(46,687)	(32,078)	34,067	(1,478)	(46,175)
Insurance Fund HRA	(2,664)	(345)	462	0	(2,548)
HRA Litigation Provision	(21,950)	0	0	20,450	(1,500)
Sheltered Housing Provision	0	0	0	0	0
Sub-Total HRA Provisions	(24,614)	(345)	462	20,450	(4,048)
Total Council Provisions	(71,301)	(32,423)	34,529	18,972	(50,223)

All provisions are reviewed annually to ensure they are at an appropriate level. Below are further details on material provisions.

- **The Insurance Fund** provisions hold the balances set aside for potential liabilities in respect of insurable items for which the council has elected to self-insure and for payments that fall within the insurance excesses, split between the General Fund and the Housing Revenue Account. The review of insurance provisions is carried out annually using an actuarial forecasting approach which is designed to review the appropriateness of the provisions and reserves for the council's self-insured claims as at the date of the valuation. This valuation takes into account all known and outstanding (unpaid) claims received from 1992 to date, and also makes a calculation for any incurred but not reported claims (IBNR).

- **Provision for Appeals** was introduced alongside the business rates retention scheme. The provision is calculated through applying the change in past rateable values based on successful appeals and applying this to current outstanding appeals, as supplied by the Valuations Office Agency, and the council's share is shown above and below.

- **Redress Scheme** - The council has set up a provision to fund payments made under the Redress scheme pertaining to historic child sexual abuse. The scheme runs until 1 January 2022.

- **Term Time Ruling** - In August 2019 The Court of Appeal in *Brazel V The Harper Trust* handed down a ruling regarding the calculation of annual leave entitlement impacting permanent staff employed on a term time contract, stating that their basic statutory annual leave entitlement could not be pro-rated to reflect the number of weeks actually worked. The council has been reviewing its current and past

contracts to ensure it is compliant with the new ruling and has setup a provision to cover the financial liability associated with any backdated adjustments.

- **HRA Litigation Provision** - The council, along with a number of other authorities, entered into agency agreements to collect water rates on behalf of Thames Water, with discounts to cover the council's cost of collection. Following the case of *Ross -v- R B of Kingston Upon Thames* where it was determined that discounts should have been passed to the consumer, the council has setup a provision to repay sums to current and former tenants. The council's agreement with Thames Water was terminated on 31 March 2020.

The following table analyses provisions on the basis of the profile of their use, based on best estimates where the information is not known.

2021/22	Less than one year £'000	Between one year and five years £'000	Greater than five years £'000	Balance at 31 March 2022 £'000
Insurance fund GF	(1,327)	(2,283)	(1,929)	(5,539)
NNDR Provision for Appeals	(1,027)	0	0	(1,027)
Redress Scheme	(37,640)	0	0	(37,640)
Tax & VAT Assessments	(285)	0	0	(285)
Term Time Ruling	(241)	0	0	(241)
Small Provisions	(320)	0	0	(320)
Disputes	(1,123)	0	0	(1,123)
Sub-Total GF Provisions	(41,963)	(2,283)	(1,929)	(46,175)
Insurance Fund HRA	(447)	(1,210)	(891)	(2,548)
HRA Litigation Provision	1	(601)	(900)	(1,500)
Sub-Total HRA Provisions	(446)	(1,811)	(1,791)	(4,048)
Total Council Provisions	(42,409)	(4,094)	(3,720)	(50,223)

23. Contingent Liabilities

Contingent liabilities are possible obligations arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Council or a present obligation arising from past events where it is not probable that there will be an associated cost or the amount of the obligation cannot be accurately measured.

The council has no contingent liabilities.

24. Pensions Schemes Accounted for as Defined Contribution Schemes

The council participates in the Teachers' Pension Scheme and the NHS Pension Scheme, which are themselves defined benefit schemes. These schemes are unfunded and the relevant department uses a notional fund as the basis for calculating the employers' contribution paid by the employer. Valuations of the notional fund are undertaken every four years. However, these are multi-employer schemes and due to the number of participating employers it is not possible to identify the council's share of the underlying liabilities in the scheme attributable to its own employees with sufficient reliability for accounting purposes, they are accounted for on the same basis as a defined contribution scheme. The council is not liable to the schemes for any other entity's obligations under the plan.

Teachers employed by the authority are members of the Teachers' Pension Scheme, administered by the Department for

Education. The council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. In 2021/22 the council paid £16.8m to the TPA (£16.4m in 2020/21), representing 23.68% of pensionable pay (23.68% in 2020/21). The contributions due to be paid in the next financial year are estimated to be £16.95m in 2022/23 or 23.68% of pensionable pay. For 2021/22 the council made contributions to the NHS Pension Scheme of £0.06m (£0.06m in 2020/21). The contributions due to be paid to the NHS Pension Scheme in the next financial year are estimated to be £0.05m in 2022/23.

25. Defined Benefit Pension Schemes

Participation in pension schemes

As part of the terms and conditions of employment of its officers, 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 for those benefits and to disclose them at the time that employees earn their future entitlement.

The council participates in two funded defined benefit final salary schemes under the Local Government Pension Scheme (LGPS). The first is administered locally by Lambeth Pension Fund, to which most non-teaching Council employees belong.

The governance of the scheme is the responsibility of the London Borough of Lambeth. The second is administered by the London Pensions Fund Authority (LPFA) to which most non-teaching staff employed in schools belong and the governance of the scheme is the responsibility of the Authority. The LGPS rewards years of service with rights to retirement lump sums and pensions based on final salaries. The Scheme also provides additional benefits for ill-health retirement, early retirement attributable to redundancy or in the interests of business efficiency and death in service. Both of these funds are part of the national Local Government Pension Scheme (LGPS), which as of 1st April 2014, changed from being a final salary scheme to a career average scheme.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

25a - Net Defined Benefit Pension Scheme liabilities

The liabilities of the LBL Pension Fund and the LPFA Pension Fund attributable to the council are assessed on an actuarial basis using the projected unit credit

method, an estimate of the current value of benefits payable in future years, dependent on assumptions about future mortality rates, salary levels etc. The London Borough of Lambeth liabilities were assessed by Hymans Robertson LLP and the LPFA liabilities

were assessed by Barnett Waddingham Public Sector Consulting, both of whom are independent firms of actuaries. Both are included in the following table. Council liabilities are based on the latest full valuation of the scheme as at 31 March 2022.

	31 March 2022			31 March 2021		
	Scheme Assets £'000	Pensions Obligations £'000	Net Pensions Liability £'000	Scheme Assets £'000	Pensions Obligations £'000	Net Pensions Liability £'000
Opening Balance at 1 April	1,825,899	(2,542,764)	(716,865)	1,451,750	(2,013,930)	(562,180)
Current Service Cost		(73,937)	(73,937)		(44,886)	(44,886)
Past Service cost and gains/losses on curtailments		(314)	(314)		(516)	(516)
Interest Income and Expense	36,116	(50,865)	(14,749)	32,862	(45,968)	(13,106)
Admin Expense	(103)		(103)	(91)		(91)
Remeasurements						
Return on Plan Assets	2,363		2,363	354,181		354,181
Other actuarial gains and (losses) on assets						
Actuarial gains and (losses) arising from changes in demographic assumptions		8,435	8,435		(32,896)	(32,896)
Actuarial gains and (losses) from changes in Financial Assumptions		142,421	142,421		(480,244)	(480,244)
Experience adjustments	38,028	15,446	53,474		15,832	15,832
Contributions						
The council	48,643		48,643	47,041		47,041
Employees	9,651	(9,651)		9,339	(9,339)	
Payments						
Retirement Grants and Pensions	(71,648)	71,648		(69,183)	69,183	
Settlements						
Closing Balance at 31 March	1,888,949	(2,439,581)	(550,632)	1,825,899	(2,542,764)	(716,865)

25b. Defined Benefit Pension Scheme assumptions

A change in any of the key assumptions can have a significant impact upon the size of the council's pension liabilities, which would require the council during its triennial review to adjust the amount it must pay the Lambeth Pension Fund. The biggest risks include an increase in member life expectancy, salary

and pension accumulation rate or a decrease in the real discount rate, which would have an impact on the council's liability to the Pension Fund.

The discount rate is the amount in today's money that is required to pay future obligations – a higher discount rate means a lower requirement to meet future payments. This is why the actuaries prudently

use a discount rate based on highly rated corporate bond yields, as a small change in these would have a very large impact upon the size of the liability, which taxpayers are statutorily bound to pay.

The principal assumptions used by the actuaries have been:

Mortality Assumptions:	LPFA		Lambeth	
	2021/22	2020/21	2021/22	2020/21
Longevity at 65 for current pensioners: Men	20.9 years	20.9 years	21.3 years	21.5 years
Women	23.7 years	23.7 years	23.7 years	23.9 years
Longevity at 65 for future pensioners: Men	22.3 years	22.2 years	22.9 years	23.1 years
Women	25.3 years	25.3 years	25.5 years	25.7 years
Rate of increase in salaries	4.40%	3.85%	3.70%	3.35%
Rate of increase in pensions (CPI)	3.40%	2.85%	3.20%	2.85%
Rate for discounting scheme liabilities	2.60%	1.90%	2.70%	2.00%

A sensitivity analysis of the key methodological assumptions of the actuarial valuation can be found in note 2 on page 48.

The Council is entitled to 97% of the assets and liabilities of the Pension Fund, details of which can be found within the Pension Fund notes 1-24.

25c. Defined Benefit Pension Scheme assets

The table below shows the proportion of the LPFA Asset analysis that is applicable to the Council. The Council share only represents 1% of the total LPFA pension fund assets.

LPFA Employer Asset Share – Bid Value	31 March 2022		31 March 2021	
	£'000	%	£'000	%
Equities	50,490	54	42,925	54
LDI/Cashflow matching	0	n/a	0	n/a
Target Return Portfolio	19,105	24	18,596	24
Infrastructure	9,037	8	6,696	8
Commodities	0	n/a	0	n/a
Property	7,959	9	7,190	9
Cash	2,113	5	3,601	5
Total	88,704	100	79,008	100

The following is the Asset Breakdown for the Lambeth Pension Fund scheme assets.

LBL Pension Fund Employer Asset Share – Bid Value	31 March 2022		31 March 2021	
	£'000	%	£'000	%
Equity Securities				
Consumer	206,298	12%	50,669	3%
Manufacturing	105,681	6%	5,968	0%
Energy and Utilities	69,231	4%	0	0%
Financial Institutions	226,256	13%	53,146	3%
Health & Care	104,421	6%	2,740	0%
Information Technology	246,445	14%	69,754	4%
Other	118,298	7%	5,386	0%
Debt Securities				
UK Government		0%	235,508	14%
Other	268,768	15%	219,756	13%
Private Equity	74,074	4%	62,815	4%
Real Estate - UK Property	43,871	2%	163,105	9%

LBL Pension Fund Employer Asset Share – Bid Value	31 March 2022		31 March 2021	
Real Estate - Overseas Property	118,613	7%		
Investment Funds and Unit Trusts				
Equities	0	0%	389,024	22%
Bonds			0	0%
Hedge Funds	0	0%	489	0%
Other	75,698	4%	458,004	26%
Cash and Cash Equivalents	104,563	6%	30,527	2%
Total	1,762,217	100%	1,746,891	100%

There has been an overall decrease in the net pension liability for 2021/22. The council's obligations are an estimate, based on the best evidence that the actuaries have at 31st March 2022.

The council's agreed strategy with the actuary is to achieve a funding level of 100% over 20 years (March 31st 2042). Funding levels are monitored annually, and the triennial valuation was completed on 31 March 2022. The estimated employers' contributions for the year ending 31 March 2023 will be approximately £40.2m.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales).

The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

25d. Transactions relating to retirement benefits

The following transactions have been made in the Comprehensive Income and Expenditure Statement during the year.

Comprehensive Income and Expenditure Statement	2021/22 £'000	2020/21 £'000
Cost of Services		
Current Service Cost	73,937	44,886
Past Service cost and (gains)/losses on curtailments	314	516
Other Operating (income)/expenditure		
Admin Expense	103	91
Financing and Investment Income and Expenditure		
Interest Income and Expense (Net)	14,749	13,106
Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	89,103	58,599
Re-measurements of the Net Defined Benefit Liability		
Return on Plan Assets	(2,363)	(354,181)
Other actuarial (gains) and losses on assets	0	0
Actuarial (Gains) and Losses from changes in Financial Assumptions	(142,421)	480,244

Comprehensive Income and Expenditure Statement	2021/22 £'000	2020/21 £'000
Actuarial (Gains) and Losses arising from changes in demographic assumptions	(8,435)	32,896
Experience Adjustments	53,474	(15,832)
Total Re-measurements Recognised in CIES	(206,693)	143,127
Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(117,590)	201,726

26. Trust Funds

The council acts as trustee for various funds including bequests and legacies, comfort funds and individual trusts. Some of these are not recognised on the council's own balance sheet.

	Balance at 31 March 2022 £'000	Balance at 31 March 2021 £'000
Monies Held on behalf of adult care clients	(8,008)	(8,144)
Monies Held on behalf of children in care	(14)	(14)
Wellington Mills - Housing Co-operative	(307)	(307)
Others*	(480)	(306)
Total Trust Funds	(8,809)	(8,771)

*This figure includes estates of persons formerly in care, trade union funds and funds for prizes, outings and other activities for children in care and is the amount that is held in the balance sheet of the council. All other account balances are held in trust.

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

27. Adjustments between Accounting Basis and Funding Basis under Regulations

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

	Usable Reserves						
2021/22	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000	Relevant Unusable Reserve
Adjustments to Revenue Resources: Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases/decreases in revenue for the year calculated in accordance with statutory requirements.							
Financial instruments	1,360	0	0	0	0	(1,360)	Financial Instruments Adjustment Account
Pensions costs	(37,314)	(3,146)	0	0	0	40,460	Pensions Reserve
Council tax and NNDR	16,251	0	0	0	0	(16,251)	Collection Fund Adjustment Account
Holiday Pay	(306)	(16)	0	0	0	321	Accumulated Absences Account
Dedicated Schools Grant Deficit	(2,269)	0	0	0	0	2,269	Dedicated Schools Grant Adjustment Account
Reversal of entries in the Surplus/Deficit on the Provision of Services in relation to capital expenditure:							
Amortisation of intangible assets	(1,014)	0	0	0	0	1,014	Capital Adjustment Account
Charges for depreciation and impairment	(66,884)	(5,475)	0	0	0	72,359	
Revenue expenditure funded from capital under statute	(30,851)	0	0	0	0	30,851	
Carrying amounts of non-current assets written off on disposal or sale	(4,563)	(6,700)	0	0	0	11,263	
Capital grant income	1,260	5,163	0	0	(6,423)	0	
Transfers between Revenue and Capital Resources:							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve and Deferred Capital Receipts Reserve	10,468	13,928	(24,396)	0	0	0	Deferred Capital Receipts
Use of capital receipts for revenue purposes:							
Payments to the Government housing receipts pool	(3,336)	0	3,337	0	0	0	Capital Receipts Reserve
Posting of HRA resources from revenue to the Major Repairs Reserve	0	30,683	0	(30,683)	0	0	
Statutory revenue provisions for the financing of capital investment	10,488	3,191	0	0	0	(13,678)	Capital Adjustment Account
Capital expenditure financed from revenue balances	2,682	367	0	0	0	(3,049)	
Adjustments to Capital Resources:							

Use of the Capital Receipts Reserve to finance capital expenditure	0	0	9,900	0	0		(9,900)	Capital Adjustment Account
Application of S. 106 Receipts to Finance new Capital	1,297	0	0	0	0		(1,297)	
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	25,027	0		(25,027)	
Application of capital grants to finance capital expenditure	11,974	0	0	0	10,016		(21,991)	
Redress Capitalisation Scheme	24,459	0	0	0	0		(24,459)	Redress Capitalisation Directive Reserve
Cash payments in relation to deferred capital receipts	0	0	0	0	0		0	Deferred Capital Receipts
Total Adjustments	(66,297)	37,995	(11,159)	(5,656)	3,593		41,525	

	Usable Reserves							
2020/21	General Fund Balance £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s		Unusable Reserves £'000 £000s	Relevant Unusable Reserve £'000
Adjustments to Revenue Resources:								
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases/decreases in revenue for the year calculated in accordance with statutory requirements.								
Financial instruments	66	0	0	0	0		(66)	Financial Instruments Adjustment Account
Pensions costs	(11,815)	257	0	0	0		11,558	Pensions Reserve
Council tax and NNDR	(33,037)	0	0	0	0		33,037	Collection Fund Adjustment Account
Holiday Pay	(459)	(17)	0	0	0		476	Accumulated Absences Account
Dedicated Schools Grant Deficit	(474)	0	0	0	0		474	Dedicated Schools Grant Adjustment Account
Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure:								
Amortisation of intangible assets	(1,970)	0	0	0	0		1,970	Capital Adjustment Account
Charges for depreciation and impairment	(68,487)	(40,163)	0	0	0		108,650	
Revenue expenditure funded from capital under statute	(9,757)	0	0	0	0		9,757	
Carrying amounts of non-current assets written off on disposal or sale	(15,599)	(5,412)	0	0	0		21,011	
Capital grant income	1,606	3,964	0	0	(1,616)		(3,954)	
Transfers between Revenue and Capital Resources:								
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve and Deferred Capital Receipts Reserve	3,983	13,131	(17,114)	0	0		0	Deferred Capital Receipts
Use of capital receipts for revenue purposes:								

Payments to the Government housing receipts pool	(4,093)	0	4,093	0	0		0	
Posting of HRA resources from revenue to the Major Repairs Reserve	0	32,844	0	(32,844)	0		0	
Statutory revenue provisions for the financing of capital investment	4,702	2,909	0	0	0		(7,611)	Capital Adjustment Account
Capital expenditure financed from revenue balances	1,800	51	0	0	0		(1,851)	
Adjustments to Capital Resources:								
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	8,651	0	0		(8,651)	Capital Adjustment Account
Application of S. 106 Receipts to Finance new Capital	2,082	0	0	0	0		(2,082)	
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	32,844	0		(32,844)	
Application of capital grants to finance capital expenditure	10,026	0	0	0	6,945		(16,971)	
Redress Capitalisation Scheme	8,685	0	0	0	0		(8,685)	Redress Capitalisation Directive Reserve
Cash payments in relation to deferred capital receipts	(1)	0	0	0	0		1	Deferred Capital Receipts
Total Adjustments	(112,742)	7,564	(4,370)	0	5,329		104,219	

28a. Usable Reserves

	31 March 2022 £'000	31 March 2021 £'000
General Fund		(25,870)
LMS Balances	(19,411)	(17,486)
Earmarked Reserves – General Fund*	(141,461)	(151,068)
Earmarked Reserves - HRA	(21,688)	(17,944)
Housing Revenue Account	(17,896)	(10,971)
Capital Receipts Reserve	(53,726)	(42,567)
Capital Grants Unapplied Account	(59,612)	(63,204)
Major Repairs Reserve	(5,656)	0
Total Usable Reserves	(319,450)	(329,110)

* **General Fund** – Used for any non-housing purpose of a revenue or capital nature.

28b. LMS Balance – Ring-fenced for the local management of schools

LMS BALANCE	31 March 2022 £'000	31 March 2021 £'000
Balance at 01 April	(17,487)	(10,738)
Overspent School Balances	3,783	1,683
Underspent School Balances	(5,707)	(8,432)
Balance at 31 March	(19,411)	(17,487)

28c. General Fund and Housing Revenue Account Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2021/22.

	Balance at 31 March 2021 £'000	Transfers in £'000	Transfers out £'000	Balance at 31 March 2022 £'000
General Fund (GF) Reserves				
Earmarked Grants & Budget Carry-Forwards	(38,259)	(14,145)	12,642	(39,762)
Information and Communication Technology Investment	(1,934)	(1,000)	604	(2,330)
Insurance and Risk Management	(9,080)	(287)	52	(9,315)
Property and Assets	(21,392)	(3,212)	3,228	(21,376)
Transformation	(652)	0	500	(152)
Medium Term Financial Risk Reserve	(18,240)	(4,500)	110	(22,630)
Economic Cycle Resilience Reserve	(49,300)	(11,173)	29,290	(31,183)
CIL Reserve	(12,211)	(5,866)	3,362	(14,715)
GF Sub-total	(151,068)	(40,183)	49,788	(141,461)
Housing Revenue Account (HRA) Reserves				
Other earmarked reserves	0	(221)	0	(221)
Insurance and Risk Management	(3,331)	(4,077)	172	(7,236)
Property and Assets	(14,613)	0	382	(14,231)
HRA Sub-total	(17,944)	(4,298)	554	(21,688)
Council Total	(169,012)	(44,481)	50,342	(163,149)

The **Earmarked Grants and Budget Carry-Forwards reserves** were created to provide funds for specific grant-funded projects, and to finance expenditure that has been committed to but not yet incurred at balance sheet date.

The **Information and Communication Technology Investment** reserves serve to fund the expenditure necessary on ICT projects as part of the council's continuing transformation.

The **Insurance and Risk Management** reserves set aside funding to meet potential future costs that may fall to the council. The largest single element, the Insurance Fund, is intended to provide the means to self-insurance (thus reducing the expenditure on insurance premiums).

The **Property and Assets** reserves are intended to support investment in the council's assets.

The **Transformation** reserves provide the funding to facilitate large organisational changes. Funds have been transferred out of this reserve to the Medium Term Financial Risk Reserve in year to support the future financial risks associated with the continuing impact of Covid-19.

The **Medium Term Financial Risk Reserve** is to support the council through future shortfalls in funding and challenges in balancing its budget over the medium term.

The **Economic Cycle Resilience Reserve** is to protect the council when facing potential future deteriorations in its business rate income, given that local authorities are now more reliant on this as a source of funding.

The **CIL Reserve** is made up of Community Infrastructure Levy contributions to be used to fund future infrastructure related works.

28d. Capital Receipts Reserve

Holds proceeds from the disposal of land or other assets. Statute restricts the use of the proceeds to the funding of new or historical capital expenditure.

	31 March 2022 £'000	31 March 2021 £'000
Balance brought forward 1 April	(42,567)	(38,197)
Capital receipts in year	(24,396)	(17,114)
Use of capital receipts in year		
Payment to CLG – Contribution to pooled capital receipts	3,337	4,093
Financing of capital expenditure	9,900	8,651
Balance carried forward 31 March	(53,726)	(42,567)

28e. Capital Grants Unapplied Account

Holds the grants and contributions received towards capital projects for which the

Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	31 March 2022 £'000	31 March 2021 £'000
Balance brought forward 1 April	(63,204)	(68,533)
Grants transferred to the account in year	(6,424)	(1,616)
Grants applied to capital expenditure	10,016	6,945
Balance carried forward 31 March	(59,612)	(63,204)

28f. Major Repairs Reserve

Controls an element of the capital resources set aside for use on HRA assets or for financing historical capital expenditure by the HRA.

	31 March 2022 £'000	31 March 2021 £'000
Balance brought forward	0	0
Debits to the MRR in respect of capital expenditure	25,027	32,844
Transfer from HRA equal to depreciation	(30,683)	(32,844)
Total	(5,656)	0

29. Unusable Reserves

Adjustments between Accounting and Funding Basis 2021/22

Unusable Reserve	Opening Balance 1 Apr 2021 £'000	Other Comprehensive Income and Expenditure (CIES) 2020/21 £'000	Adjustments to Revenue Resources £'000	Transfers Between Revenue and Capital Resources £'000	Adjustments to Capital Resources £'000	Other Movements £'000	Closing Balance 31 Mar 2022 £'000
Revaluation Reserve	(914,060)	(165,756)	0	0	0	13,321	(1,066,495)
Financial Instruments Adjustment Account	3,867	0	(1,360)	0	0	0	2,507
Pensions Reserve	716,865	(206,693)	40,460	0	0	0	550,632
Collection Fund Adjustment Account	24,983	0	(16,251)	0	0	0	8,732
Accumulated Absences Account	4,576	0	321	0	0	0	4,897
Capital Adjustment Account	(1,875,099)	0	115,486	(16,727)	(58,215)	(13,321)	(1,847,876)
Deferred Capital Receipts	(390)	0	0	0	0	0	(390)
Dedicated Schools Grant Adjustment Account	474	0	2,269			0	2,743
Redress Capitalisation Directive Reserve	31,799	0	0	0	(24,459)	0	7,340
Total	(2,006,985)	(372,449)	140,925	(16,727)	(82,674)	0	(2,337,910)

Adjustments between Accounting and Funding Basis 2020/21

Unusable Reserve	Opening Balance 1 Apr 2020 £'000	Other Comprehensive Income and Expenditure (CIES) 2019/20 £'000	Adjustments to Revenue Resources £'000	Transfers Between Revenue and Capital Resources £'000	Adjustments to Capital Resources £'000	Other Movements £'000	Closing Balance 31 Mar 2021 £'000
Revaluation Reserve	(953,363)	22,673	0	0	0	16,630	(914,060)
Financial Instruments Adjustment Account	3,933	0	(66)	0	0	0	3,867
Pensions Reserve	562,180	143,127	11,558	0	0	0	716,865
Collection Fund Adjustment Account	(8,054)	0	33,037	0	0	0	24,983
Accumulated Absences Account	4,100	0	476	0	0	0	4,576
Capital Adjustment Account	(1,925,893)	0	137,434	(9,461)	(60,549)	(16,630)	(1,875,099)
Deferred Capital Receipts	(391)	0	0	0	1	0	(390)
Dedicated Schools Grant Adjustment Account	0	0	474	0	0	0	474
Redress Capitalisation Directive Reserve	40,484	0	0	0	(8,685)	0	31,799
Total	(2,277,004)	165,800	182,913	(9,461)	(69,233)	0	(2,006,985)

Revaluation Reserve - Contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

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

Pensions Reserve - Absorbs the timing differences arising from the different accounting arrangements between statutory provisions and accounting practice for post-employment benefits and funding benefits. The council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as benefits are earned by employees.

The balance sheet is updated to recognise the movement in liabilities due to changes in assumptions (including inflation and longevity) and investment returns on resources set aside to meet the cost of the employee benefits.

However, statutory arrangements require benefits earned to be financed as the council makes employer's contributions to pension funds. The Pensions Reserve balance reflects the substantial

shortfall between the benefits Pension Fund members have earned and the resources the council set aside to meet them.

The movement in balances on the Pensions Reserve are for both the Lambeth Pension Fund and Lambeth's share of the LPFA during the year.

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 also contains revaluation gains accumulated on Property, Plant and Equipment

before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 27 to the MIRs provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Deferred Capital Receipts Reserve - Holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

Financial Instruments Adjustment Account - Absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance and Housing Revenue Account (HRA) to the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance and HRA in accordance with statutory arrangements for spreading the burden on council tax. In the council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed (maximum of 10 years on the HRA). As a result, the balance on the Account at 31 March 2019 will be charged to the General Fund over the next 10 years and to the HRA for the next three years.

Collection Fund Adjustment Account - Manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. The deficit in 2020/21 has arisen due to the government announcing business rates relief in response to the pandemic. These have been compensated by a section 31 grant funding and are held in Earmarked Reserves.

Accumulated Absences Account - Absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March.

Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Redress Capitalisation Directive Reserve - The government has provided the ability to capitalise specific future costs relating to the redress scheme setup by the council in 2017/18 for payments pertaining to historic child abuse. The provision setup for these costs is matched by this reserve. As payments are made these will be debited against the provision and will be matched by drawing down the reserve by an equal sum to the capital adjustment account.

NOTES TO THE CASH FLOW STATEMENT

30. Investing Activities

	2021/22 £'000	2020/21 £'000
Purchase of property, plant and equipment, investment property and intangible assets	100,602	138,826
Purchase of short-term and long-term investments	20,000	10,000
Other payments for investing activities	30,369	12,457
Proceeds from the sale of property, plant and equipment and intangible assets	(24,396)	(17,114)
Proceeds from short-term and long-term investments	(10,000)	(35,000)
Other receipts from investing activities	(19,700)	(19,437)
Net cash flows from investing activities	96,875	89,732

31. Financing Activities

	2021/22 £'000	2020/21 £'000
Cash receipts of short and long-term borrowing	(80,000)	(50,000)
Council Tax and NNDR adjustments	(21,168)	34,079
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	4,729	5,378
Other receipts	(186)	0
Net cash flows from financing activities	(96,625)	(10,543)

32. Operating Activities (Interest)

The cash flows for operating activities include the following items:

	2021/22 £'000	2020/21 £'000
Interest received	(2,129)	(752)
Interest paid	35,154	34,728

33. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	2021/22 £'000	2020/21 £'000
Cash held by the Authority	(19)	55
Bank current accounts in current assets	87,177	76,083
Short-term deposits with banks	5,179	5,179
Total Cash and Cash Equivalents	92,337	81,317

34. Reconciliation of Liabilities Arising from Financing Activities

			Non-cash changes		
	31 March 2021 £'000	Financing Cash Flows £'000	Acquisition £'000	Other non- cash changes £'000	31 March 2022 £'000
Long-term borrowings	(641,658)	(89,625)	0	9,625	(721,658)
Short term borrowings	(7,082)	0	0	(10,009)	(17,090)
On balance sheet PFI liabilities	(90,738)	4,729	0	0	(86,009)
Total liabilities from financing activities	(739,478)	(84,896)	0	(384)	(824,757)

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5.6

Other Financial Statements



5.7

Housing Revenue Income and Expenditure Account & Notes

Housing Revenue Income and Expenditure Account & Notes

Housing Revenue Account Income and Expenditure Statement

The Housing Revenue Account (HRA) is a statutory statement, which summarises the transactions relating to the provision, maintenance and management of the council's housing stock. The Local Government and Housing Act 1989 required the ring-fencing of the Account with effect from 1 April 1990, thereby prohibiting cross subsidy between the HRA and the General Fund.

	Note	2021/22 £'000		2020/21 £'000	
Income					
Dwelling rents		(137,139)		(134,108)	
Charges for services and facilities*		(37,676)		(5,965)	
Contributions Towards Expenditure		(92)		(814)	
PFI Credit		(7,750)		(7,728)	
			(182,657)		(148,615)
Expenditure					
Repairs and maintenance		28,221		28,908	
Supervision and management		89,336		87,108	
Rents, rates, taxes and other charges		2,143		2,106	
Depreciation of property, plant and equipment	39	30,683		32,844	
Impairment / Revaluation (gain) / loss	39	(25,208)		7,319	
			127,075		158,285
Net cost of HRA services included in the Comprehensive Income and Expenditure Statement			(55,582)		9,670
HRA share of Corporate and Democratic Core			587		657
Net Expenditure of HRA Services			(54,995)		10,327

	Note	2021/22 £'000		2020/21 £'000	
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement					
Interest payable and similar charges – other			18,973		22,197
Gain or Loss on disposal			(7,356)		(7,719)
Interest and investment income			(123)		(292)
Impairments on Receivables			1,900		3,068
Capital Grants and Contributions - other			(5,163)		(3,964)
(Surplus)/Deficit for the year on HRA services			(48,663)		23,617

*The unusual movement in charges for services and facilities between 2020/21 and 2021/22 relates to the setting up, use and release of a provision to repay sums to tenants following the “Thames Water” litigation decision. Further details of the provision are available in Note 22 on page 85 of the accounts.

Statement of movement on the HRA Balance

	2021/22 £'000	2021/22 £'000
Balance on the HRA at the end of the previous year	(10,970)	(11,505)
(Surplus) or deficit for the year on the HRA Income & Expenditure Statement	(48,664)	23,617
Adjustments Between Accountancy Basis and Funding Basis under Statute	37,995	7,564
Net (Increase) or Decrease before Transfers to or from Reserves	(10,669)	31,181
Transfers to or (from) Reserves (see Note 28c)	3,743	(30,647)
(Increase) or Decrease in year on the HRA	(6,926)	534
Balance on the HRA at the end of the current year	(17,896)	(10,971)

NOTES TO THE HOUSING REVENUE ACCOUNT

35. Analysis of the movement on the HRA balance

	2021/22 £'000	2020/21 £'000
Items included in the HRA Income and Expenditure Statement but excluded from the movement on HRA Balance for the year		
Difference between amounts charged to Income and Expenditure for amortisation of premiums and discounts and the charge for the year determined in accordance with statute	0	0
Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with the Statutory HRA requirements:		
Impairments / Revaluation loss	25,208	(7,319)
Capital Grants and Contributions	5,163	3,964
Depreciation of non-current assets	(30,683)	(32,844)
Carrying amount of non-current assets disposed of	(6,700)	(5,412)
Mitigation of accumulated absences provision	(16)	(17)
Net charges made for retirement benefits in accordance with IAS 19	6,049	5,606
Items not included in the HRA Income and Expenditure Statement but included in the Movement on HRA Balances for the year:		
Capital expenditure financed from revenue balances	367	51
Minimum Revenue Provision	3,191	2,909
Transfer to Major Repairs Reserve	30,683	32,844
Transfer to Capital Receipts Reserve of proceeds from disposal of non-current assets	13,928	13,131
Transfer from Deferred Capital Receipts Reserve	0	0
Employer's contributions payable to the Lambeth Pension Fund and retirement benefit payable direct to pensioners	(9,195)	(5,349)
Total Adjustments Between Accountancy Basis and Funding Basis under Statute	37,995	7,564

36. Housing Stock

	31 March 2021	Movement	31 March 2022
Flats	19,912	(23)	19,889
Houses	3,878	(3)	3,875
Multi-occupied	181	0	181
Total	23,971	(26)	23,945
Right to buy sales		(54)	
Rent to Mortgage Buy Backs*		28	
Total movement		(26)	

*The above Housing stock includes buy backs within the analysis since these are used for the provision of housing. Buy backs are General fund assets.

37. HRA Assets

	2021/22 £'000	2020/21 £'000
Council dwellings	2,416,876	2,256,722
Other Land & Buildings	104,681	112,486
Community Assets	177	177
Surplus	5,723	5,636
Assets held for sale	0	0
Vehicles, Plant & Equipment	55	19,631
Assets under Construction	745	2,710
Intangibles	0	0
Infrastructure	0	2,315
TOTAL	2,528,257	2,399,677

38. Capital Expenditure, Financing and Receipts

	2021/22 £'000	2020/21 £'000
HRA capital expenditure		
Works to dwellings	22,728	30,167
Other Land & Buildings	2,090	1,711
Vehicles, Plant & Equipment	2	3,002
Assets under construction	0	77
Infrastructure	207	818
Total HRA capital expenditure	25,027	35,755
Financing of capital expenditure		
Borrowing	0	500
Major Repairs Reserve Less Decent Homes	25,027	32,844
Section 20	0	2,431
Reserves / Revenue		0
Total financing of capital expenditure	25,027	35,755

39. Depreciation and Impairment

	2021/22	2020/21
Depreciation charged to the HRA I&E for the year		
Operational assets		
- dwellings	26,341	26,296
- other property	4,284	6,464
Non-operational assets		
- dwellings	58	84
- other property	0	0
Total Depreciation	30,683	32,844
Impairments and revaluation losses charged to the HRA I&E for the year		
Operational assets		
- dwellings	288	7,889
- other property	2,454	600
Non-operational assets		
- dwellings	18	205
- other property	0	0
	2,760	8,694
Revaluation / Impairment (gains) reversed in the HRA I&E for the year		
Operational assets		
- dwellings	(27,016)	(711)
- other property	(952)	(664)
Non-operational assets		
- dwellings	0	0
	(27,986)	(1,375)
Net Impairment	(25,208)	7,319

40. Rent Arrears

	2021/22 £'000	2020/21 £'000
Arrears as at 31st March	19,894	9,557
Impairment on receivables	(7,538)	(6,431)
Collectable amount	(12,356)	3,126

41. Vacant Possession Value

The vacant possession value of dwellings within the HRA at 31 March 2022 was £9.579 bn (£9.030 bn at 31 March 2021) which has been reduced to £2.418 bn (£2.258 bn at 31 March 2021) to reflect social housing use subsidised housing. This shows the economic cost to the government of providing council housing at less than market rents.

42. HRA Share of Contributions to the Pension Reserve

The HRA Income and Expenditure account has suffered a charge from the Pension Reserve of £9.17m in 2021/22 (charge of £5.35m in 2020/21), as per proper practice. The impact of this on the HRA balance is nullified by means of a reversing entry in the Movement in Reserves Statement



5.8

Collection Fund & Notes

Collection Fund & Notes

The Collection Fund

The Collection Fund is a statutory statement relating to the collection of income received from Council Tax and business rates, known as National Non-Domestic Rates (NNDR). The account shows how the income received is distributed between the Council's General Fund, Central Government and the Greater London Authority.

COLLECTION FUND	2021/22			2020/21		
	NNDR £'000	Council Tax £'000	Total £'000	NNDR £'000	Council Tax £'000	Total £'000
INCOME						
Council Tax Receivable		(180,167)	(180,167)		(170,762)	(170,762)
Transfer for Transitional relief, S13A(1)(C)		(1,716)	(1,716)		(1,977)	(1,977)
Business Rates Receivable	(137,648)		(137,648)	(99,015)		(99,015)
Transitional Protection Payments	0		0	(1,870)		(1,870)
Business Rates Supplement	(4,063)		(4,063)	(2,646)		(2,646)
	(141,711)	(181,883)	(323,594)	(103,531)	(172,739)	(276,270)
EXPENDITURE						
LB Lambeth	55,947	136,143	192,090	52,323	130,431	182,754
Central Government	61,542	0	61,542	57,555	0	57,555
Greater London Assembly (GLA)	69,002	40,320	109,322	64,531	37,032	101,563
Business Rates Supplement						
Payment to GLA	4,054	0	4,054	2,637	0	2,637
Administrative Costs	9	0	9	9	0	9
Charges to Collection Fund						
Write-offs of uncollectable amounts	378	1,193	1,571	458	2,519	2,977

COLLECTION FUND	2021/22			2020/21		
Increase/(Decrease) in Impairment on receivables	381	800	1,181	751	1,827	2,578
Increase/(Decrease) in Provision for Appeals	(9,920)	0	(9,920)	6,984	0	6,984
Transitional Protection Payments	40		40	0		0
Interest on Refunds	0		0	2	0	2
Disregarded Amount	5		5	0	0	0
Cost of Collection	503	0	503	499	0	499
	181,941	178,456	360,397	185,749	171,809	357,558
(Surplus) / Deficit during year	40,230	(3,427)	36,803	82,218	(930)	81,288
Collection Fund (Surplus)/Deficit at 1 April	84,636	(1,093)	(83,543)	(8,705)	(4,831)	(13,536)
Fund balance distributed in year	(84,692)	162	(84,530)	11,122	4,669	15,791
(Surplus) / Deficit during year	40,230	(3,427)	36,803	82,218	(931)	81,288
Collection Fund (Surplus)/Deficit at 31 March	40,173	(4,357)	(35,816)	84,635	(1,093)	83,543
Analysis of Fund balance distributed in year:						
LB Lambeth	(25,843)	126	(25,717)	5,600	3,634	9,234
Central Government	(27,755)	0	(27,755)	2,372	0	2,372
GLA	(31,094)	36	(31,059)	3,150	1,035	4,185
	(84,692)	162	(84,530)	11,122	4,669	15,791

Share of Balances Between London Borough of Lambeth and its Preceptors

The Collection Fund Income and Expenditure Account is prepared on an accruals basis. Lambeth, as the billing agent, includes appropriate shares of the year end balances in its balance sheet and those of its preceptors. The apportionment is detailed in the table below.

2021/22

COLLECTION FUND	Total Collection Fund £'000		Central Government £'000		London Borough of Lambeth £'000		Greater London Assembly £'000	
	CTAX	NNDR	CTAX	NNDR	CTAX	NNDR	CTAX	NNDR
Apportionment Basis	100%	100%	N/A	33%	76.2%	30%	23.8%	37%
Arrears	53,385	23,508	N/A	7,758	40,679	7,052	12,706	8,698
Impairment on receivable	(25,200)	(2,781)	N/A	(918)	(19,202)	(834)	(5,998)	(1,029)
Appeals Provision	N/A	(3,422)	N/A	(1,129)	N/A	(1,027)	N/A	(1,266)
Overpayments & Pre-payments	(10,002)	(17,868)	N/A	(5,897)	(7,621)	(5,361)	(2,380)	(6,611)
(Surplus)/Deficit	(4,357)	40,173	N/A	13,257	(3,320)	12,052	(1,037)	14,864

2020/21

COLLECTION FUND	Total Collection Fund £'000		Central Government £'000		London Borough of Lambeth £'000		Greater London Assembly £'000	
	CTAX	NNDR	CTAX	NNDR	CTAX	NNDR	CTAX	NNDR
Apportionment Basis	100%	100%	N/A	33%	77.2%	30%	23.8%	37%
Arrears	47,634	19,686	N/A	6,496	36,750	5,906	10,884	7,284
Impairment on receivable	(24,400)	(2,400)	N/A	(792)	(18,825)	(720)	(5,575)	(888)
Appeals Provision	N/A	(13,342)	N/A	(4,403)	N/A	(4,003)	N/A	(4,937)
Overpayments & Pre-payments	(7,710)	(12,086)	N/A	(3,989)	(5,948)	(3,626)	(1,762)	(4,472)
(Surplus)/Deficit	(1,093)	84,636	N/A	27,736	(843)	25,826	(250)	31,073

NOTES TO THE COLLECTION FUND

43. Council Tax

Council tax is charged on residential properties and is based on the value of the property. Each property falls into one of eight bands A-H based on estimated market values at 1 April 1991. During the annual budget setting process the Council determines the charge for its band D properties by dividing its budget requirement by the tax base. The council tax base is the total number of chargeable dwellings (adjusted for dwellings where discounts and exemptions apply). The tax for the other bands is calculated as a proportion of the band D tax.

For the year ended 31 March 2022, the band D council tax was set at £1,591.59 based upon a tax base of 110,872 (for 2020/21, £1,501.64 based upon a tax base of 111,520) and includes £363.66 requirement for the Greater London Authority (£332.07 in 2020/21).

The table below shows the calculation of the Council Tax Base for 2021/22.

Valuation Band	Total no. of dwellings on valuation list	Total equivalent dwellings after adjustments	Ratio to Band D	Band D equivalents
A	4,849	3,351	6/9	2,234
B	31,613	21,518	7/9	16,736
C	41,144	32,561	8/9	28,943
D	32,024	26,456	9/9	26,456
E	15,488	13,411	11/9	16,391
F	9,775	9,049	13/9	13,071
G	5,609	5,410	15/9	9,016
H	1,045	1,023	18/9	2,046
TOTALS	141,547	112,779		114,893
Adjustment for collection rate				(4,021)
Tax base for Council Tax purposes				110,872

44. National Non-Domestic Rates

National non-domestic rates also known as business rates are based on the local rateable values of commercial properties multiplied by a uniform collection rate known as the multiplier after taking into account transitional arrangements. The rateable values are set by the Valuation Office Agency (VOA) and multiplier rates are set annually by Central Government. In 2021/22 the standard multiplier was set at 51.2p (51.2p in 2020/21) and the small business rate multiplier was set at 49.9p (49.9p in 2020/21). The total rateable value at 31 March 2022 was £421m (£443.1m on 31 March 2021).

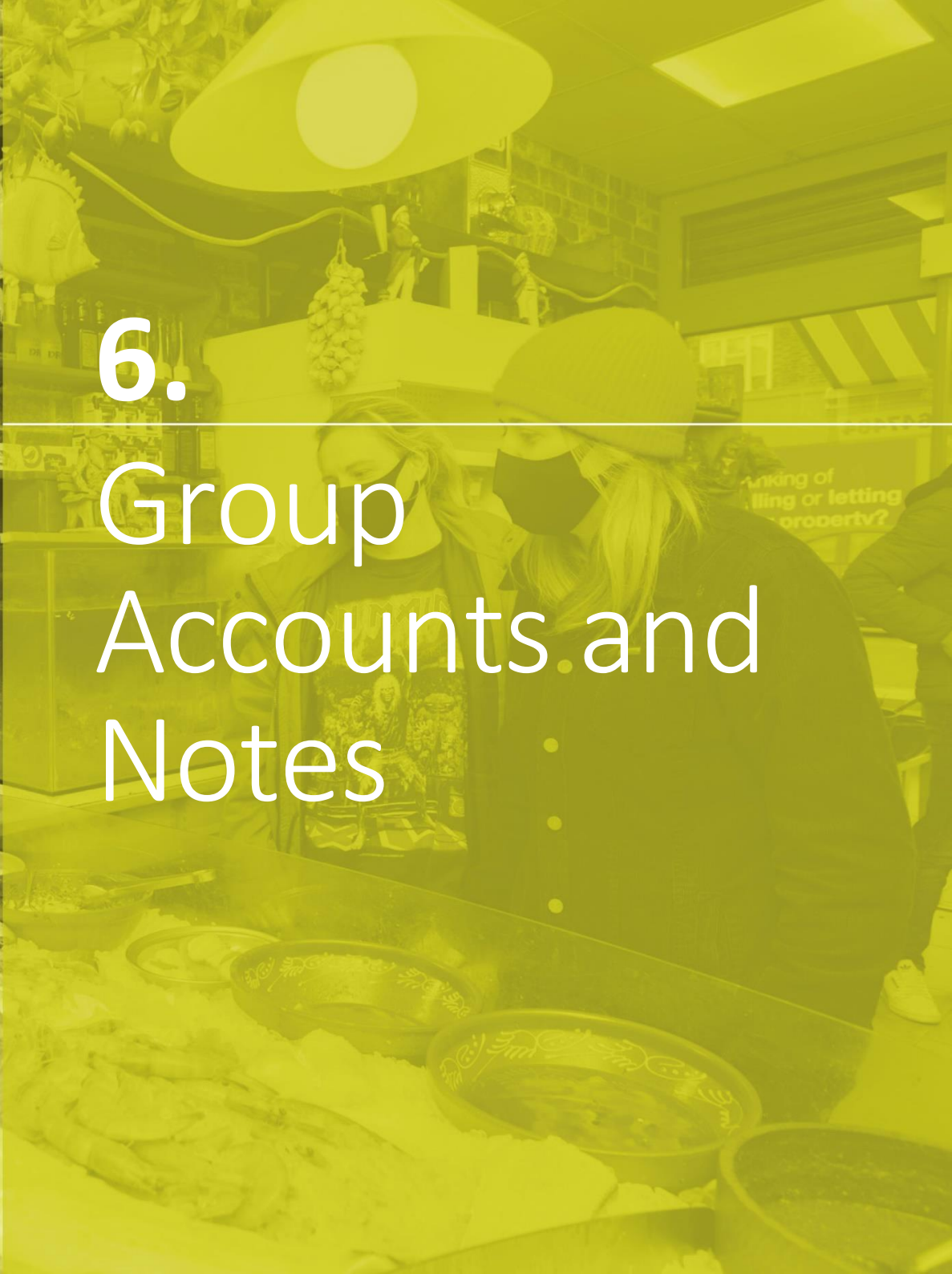
The total business rates income is based on the 2021/22 estimated collection and the 2020/21 surplus/deficit. However, as this is determined before the end of 2020/21 an adjustment is required in 2021/22 to account for the difference between the estimated position and the actual position. This difference (surplus/deficit) is distributed/clawed back in the following financial year.

The impact of COVID-19 is continuing to affect business rates income in the form of falling rateable values. However, the main contributing factor to the 2021/22 deficit is the expanded retail relief which reduced the amounts eligible businesses paid, thereby reducing NNDR income. Local authorities were fully compensated for this through government grants which will enable local authorities to manage their share of the deficit within the 2022/23 accounts.

45. Business Rate Supplements (BRS)

BRS were introduced by the Business Rate Supplements Act 2009. A Business Rate Supplement is a non-exchange transaction, and as such is accounted for under IPSAS 23 (International Public Sector Accounting Standard) Revenue from Non-Exchange Transactions (Taxes and Transfers). Lambeth (LBL) bills its ratepayers for the Crossrail BRS. Supplements are charged on commercial properties whose rateable value is more than £70,000 multiplied by the BRS multiplier which is 2p (unchanged from previous years). This income is not the income of the authority and is not included in the Comprehensive Income and Expenditure Statement. Amounts deducted from BRS income to meet administrative expenses are the authority's income.

The accounting statement shows the amounts required by statute to be credited to the Collection Fund after cost of collection and other adjustments and payments made to GLA.



6. Group Accounts and Notes

Group Accounts and Notes

The Group Accounts are a consolidation of the financial statements of London Borough of Lambeth and its wholly owned subsidiary HFL Group Limited.

HFL GROUP LIMITED is a parent company to:

HFL BUILD LIMITED
HFL HOMES LIMITED
HFL LIVING LIMITED

The accounts of HFL GROUP LIMITED that have been consolidated into the following Group Accounts, are themselves a consolidation of the financial statements of the four companies.

The following statements and notes are presented in addition to the council's 'single entity' financial statements. We have included here only the statements and notes considered necessary to show the full picture of the council's economic activities and financial position when viewed in conjunction with the single entity accounts.

The Group Accounts comprise:

- Group Comprehensive Income & Expenditure Statement
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Notes to the Group Accounts:
 - Accounting Policies
 - Property, Plant & Equipment
 - Capital Commitments
 - Unusable Reserves
 - Investing Activities
 - Financing Activities
 - Senior Officer's Remuneration
 - Higher Earners

GROUP COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the

amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting

cost. The taxation position is shown in the Movement in Reserves Statement.

	2021/22			2020/21		
	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Adults & Health	217,364	(107,815)	109,549	191,170	(101,007)	90,163
Legal, Strategy & Communications	14,714	(2,874)	11,840	14,189	(1,364)	12,825
Children's Services	392,850	(298,361)	94,489	368,020	(281,899)	86,121
Corporate Items	100,224	(339)	99,885	46,017	(965)	45,052
Finance & Investment	47,932	(32,433)	15,499	32,652	(17,788)	14,864
Housing Revenue Account	125,761	(182,513)	(56,752)	158,757	(148,589)	10,168
Resident Services	389,815	(294,856)	94,959	375,688	(270,758)	104,930
Sustainable Growth & Opportunity	38,286	(27,301)	10,985	37,416	(11,989)	25,427
HFL Group	12,845	(3,345)	9,500	3,235	(4,306)	(1,071)
COST OF SERVICES	1,339,791	(949,837)	389,954	1,227,144	(838,665)	388,479
Levies			4,388			3,894
Payments to the Government Housing Capital Receipts Pool			3,337			4,093
(Gains)/losses on the Disposal of Non-Current Assets			(13,263)			3,878
Other Expenditure			103			91
Other Operating (Income)/Expenditure			(5,435)			11,956
Interest Payable and Similar Charges - other			34,986			34,737
Net interest on the net pensions liability			14,749			13,106
Investment Interest income			(735)			(667)
Impairments on Receivables			5,360			13,083
Impairment Losses / (Gains) on Investments			(1,349)			(55)

	2021/22			2020/21		
Financing and Investment Income and Expenditure			53,011			60,204
Taxation and Non-Specific Grant Income			(375,056)			(390,355)
Group (SURPLUS) OR DEFICIT ON PROVISION OF SERVICES			62,474			70,284
Loss / (Gain) on revaluation of non-current assets			(165,756)			22,673
Remeasurements of the Net Defined Benefit Liability			(206,693)			143,127
Other Comprehensive (Income) and Expenditure			(372,449)			165,800
Total Comprehensive Income and Expenditure			(309,975)			236,084

This Group version of the Comprehensive Income & Expenditure Statement (CIES) includes a separate line for HFL Group showing Gross Expenditure and Gross Income as part of the Cost of Services. There are also costs incurred by HFL Group Limited within the lines for Interest Payable and Similar Charges and for Impairments on Receivables. Where other lines differ from the London Borough of Lambeth (LBL) CIES, this is due to consolidation adjustments to remove the impact of transactions between LBL and HFL.

GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the individual 'usable reserves' (that is those that can be applied to fund expenditure or reduce local taxation) held by the authority, and there is one column for unusable reserves. The Total Comprehensive Income and Expenditure line here

shows the surplus / deficit on the provision of services in the total usable reserves column and the other comprehensive (income) and expenditure in the unusable reserves column. These show the true economic cost of providing the authority's services, more details of which are shown in the

Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

2021/22	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve (Capital) £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000	Subsidiary Reserves – HFL Group Limited £'000	Total Group Reserves £'000
Balance at 31 March 2021 brought forward	(193,414)	(29,074)	(42,567)	0	(63,204)	(328,259)	(2,007,005)	(2,335,264)	2,191	(2,333,073)
Total Comprehensive Income and Expenditure	99,850	(48,663)	0	0	0	51,187	(372,449)	(321,262)	11,289	(309,973)
Adjustments between group accounts and authority accounts	629	302	0	0	0	931	20	951	7,093	8,044
Adjustments between accounting basis & funding basis under regulations	(66,296)	37,994	(11,159)	(5,656)	3,593	(41,524)	41,524	0	0	0
(Increase)/Decrease in 2021/22	34,183	(10,367)	(11,159)	(5,656)	3,593	10,594	(330,905)	(320,311)	18,382	(301,929)
Balance at 31 March 2022 carried forward	(159,231)	(39,441)	(53,726)	(5,656)	(59,611)	(317,665)	(2,337,910)	(2,655,575)	20,573	(2,635,002)
GF and HRA Balance analysed over										
Earmarked reserves	(141,463)	(21,688)								
LMS (Schools) Balance	(19,410)									
Balances not earmarked	1,641	(17,752)								
Balance at 31 March 2022	(159,232)	(39,440)								

The Group Movement in Reserves Statement includes an extra column for the Subsidiary Reserves for HFL Group Limited.

The HfL Group Limited reserves have been adjusted to remove the £8m worth of equity that was issued to Lambeth council in exchange for assets transferred across in 2019/20.

2020/21	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve (Capital £'000)	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000	Subsidiary Reserves – HFL Group Limited £'000	Total Group Reserves £'000
Balance at 31 March 2019 brought forward	(128,577)	(60,096)	(38,197)	0	(68,533)	(295,403)	(2,277,004)	(2,572,407)	2,575	(2,569,832)
Total Comprehensive Income and Expenditure	46,895	23,617	0	0	0	70,512	165,800	236,312	(228)	236,084
Adjustments between group accounts and authority accounts	990	(159)	0	0	0	831	0	831	(156)	675
Adjustments between accounting basis & funding basis under regulations	(112,722)	7,564	(4,369)	0	5,329	(104,198)	104,198	0	0	0
(Increase)/Decrease in 2019/20	(64,837)	31,022	(4,369)	0	5,329	(32,855)	269,998	237,143	(384)	236,759
Balance at 31 March 2020 carried forward	(193,414)	(29,074)	(42,567)	0	(63,204)	(328,259)	(2,007,005)	(2,335,264)	2,191	(2,333,073)
GF and HRA Balance analysed over										
Earmarked reserves	(151,068)	(17,944)								
LMS (Schools) Balance	(17,486)									
Balances not earmarked	(24,860)	(11,130)								
Balance at 31 March 2021	(193,414)	(29,074)								

GROUP BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities held by the council. The council's net assets (assets less liabilities) are matched by the reserves it

holds. These reserves are shown in two categories – usable and unusable. Usable reserves may be used to provide services subject to statutory limitations and

the need to maintain prudent levels of reserves for financial stability. Unusable reserves cannot be used to fund council services.

	31 March 2022 £'000	31 March 2021 £'000
Property, Plant & Equipment	4,037,668	3,845,749
Heritage Assets	2,517	2,420
Intangible Assets	4,982	2,797
Long Term Investments	35,645	26,296
Long-Term Debtors	743	741
Long Term Assets	4,081,555	3,878,003
Assets Held for Sale (within one year)	0	440
Inventories	43	53
Short Term Debtors	206,217	206,534
Short Term Investments	12,061	10,046
Cash and Cash Equivalents	94,680	83,148
Current Assets	313,001	300,221
Short Term Borrowing	(17,090)	(7,081)
Short Term Creditors	(192,062)	(175,943)
Provisions	(42,409)	(58,545)
Grants Receipts in Advance - Revenue	(70,208)	(76,326)
Grants Receipts in Advance - Capital	(46,512)	(30,843)
Current Liabilities	(368,281)	(348,738)

Long Term Creditors	(81,095)	(86,009)
Provisions	(7,814)	(12,759)
Long Term Borrowing	(721,587)	(651,283)
IAS19 Net Pension Liability	(550,632)	(716,865)
Grants Receipts in Advance - Capital	(30,143)	(29,496)
Long Term Liabilities	(1,391,271)	(1,496,413)
Net Assets	2,635,004	2,333,073
Total usable reserves	(317,666)	(328,259)
Total unusable reserves	(2,337,910)	(2,007,005)
Total authority reserves	(2,655,576)	(2,335,264)
HfL Group Limited reserves	20,572	2,191
Total Reserves	(2,635,004)	(2,333,073)

GROUP CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net

cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources

which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority

Year Ended 31 March	Notes	2021/22 £'000		2020/21 £'000	
Net (surplus) or deficit on the provision of services			62,474		70,284
Adjust net surplus or deficit on the provision of services for non-cash movements					
Depreciation and amortisation		(58,025)		(62,194)	
Impairment and revaluations		(15,652)		(48,547)	
Impairment gain/(loss) on investments		1,349		55	
(Increase)/Decrease in Creditors		3,652		(98,000)	
Increase/(Decrease) in Debtors		20,431		22,802	
Increase/(Decrease) in Inventories		(10)		53	
Other adjustments		(821)		1,260	
Increase/(Decrease) in Accrued Investment Income		15		(242)	
Pension Liability		(40,460)		(11,558)	
Contributions (to)/from Provisions		21,083		(19,990)	
Carrying amount of non-current assets sold (property plant and equipment, investment property and intangible assets)		(11,263)		(21,011)	
Adjustments to net surplus or deficit on the provision of services for non-cash movements			(79,701)		(237,372)
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities					
Capital Grants credited to surplus or deficit on the provision of services		19,695		19,419	
Proceeds from the sale of property plant and equipment, investment property and intangible assets		24,396		17,114	

Year Ended 31 March	Notes	2021/22 £'000		2020/21 £'000	
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities			44,091		36,533
Net Cash Flows from Operating Activities			26,863		(130,555)
Investing Activities	5		81,293		90,733
Financing Activities	6		(96,624)		(10,543)
Net (increase) or decrease in cash and cash equivalents			11,532		(50,365)
Cash and cash equivalents at the beginning of the reporting period			83,148		32,783
Cash and cash equivalents at the end of the reporting period			94,680		83,148

NOTES TO THE GROUP ACCOUNTS

1. Group Accounting Policies

The group accounts have been prepared on the basis of the same accounting policies set out in Lambeth's single entity financial statements. See Note 1 on page 34. The method of preparation of group accounts involves combining figures from Lambeth's accounts with figures from HFL Group Limited's group accounts and then adjusting to remove the accounting impact of any intragroup transactions between Lambeth and HFL.

2. Group Property Plant & Equipment

This note differs from the single entity note for Property, Plant & Equipment because HFL Group Limited hold assets on their balance sheet that are categorised in the following columns:

- Other Land and Buildings
- Vehicles, Plant, Furniture & Equipment; and
- Assets Under Construction.

Balances as at 31 March 2022	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation	2,426,722	1,281,810	110,583	9,449	47,158	107,055	3,982,777
Accumulated Depreciation	(8,849)	(2,580)	(83,799)	0	(162)	0	(95,391)
Carrying Amount	2,417,873	1,279,229	26,784	9,449	46,996	107,055	3,887,386
Owned	2,376,137	1,222,999	26,784	9,272	46,996	107,055	3,789,243
PFI	41,736	56,230	0	177	0	0	98,143
Carrying Amount	2,417,873	1,279,229	26,784	9,449	46,996	107,055	3,887,386

Movements in Carrying Amount	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
At 1 April 2021	2,257,821	1,214,534	37,116	153,678	8,955	75,137	98,508	3,845,749
Reclassifications	18,880	4,898	(16,751)	(2,067)	0	(8,389)	3,429	0
Additions	22,729	36,122	12,614	9,382	482	4,810	23,916	110,055
Revaluation gains/(losses) recognised in the revaluation reserve	122,710	50,877	85	0	12	(19,339)	14,838	169,183
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	26,736	(6,220)	0	0	0	(3,529)	(31,800)	(14,813)
Depreciation	(26,342)	(12,786)	(6,280)	(10,712)	0	(924)	(560)	(57,603)
Impairments recognised in the revaluation reserve	(76)	(2,339)	0	0	0	429	(887)	(2,873)
Impairments recognised in the surplus / deficit on the provision of services	(8)	(581)	0	0	0	(429)	(53)	(1,072)
Disposals and Decommissioning	(4,578)	(5,275)	0	0	0	(769)	(337)	(10,959)
Assets reclassified (to) / from Held for Sale	0	0	0	0	0	0	0	0
At 31 March 2022	2,417,872	1,279,230	26,784	150,282	9,449	46,997	107,054	4,037,668

Balances as at 31 March 2021	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation	2,266,631	1,215,894	114,636	8,955	75,425	98,509	3,780,050
Accumulated Depreciation	(8,810)	(1,361)	(77,520)	0	(288)	0	(87,979)
Carrying Amount	2,257,821	1,214,533	37,116	8,955	75,137	98,509	3,692,071
Owned	2,218,940	1,159,628	37,116	8,778	75,137	98,509	3,598,108
PFI	38,881	54,905	0	177	0	0	93,963
Carrying Amount	2,257,821	1,214,533	37,116	8,955	75,137	98,509	3,692,071

Movements in Carrying Amount	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
At 1 April 2020	2,254,295	1,309,970	59,966	152,752	7,382	41,957	51,219	3,877,541
Reclassifications	17,522	(61,994)	(17,820)	0	0	55,881	6,411	0
Additions	30,167	28,568	6,612	11,390	1,590	215	40,879	119,421
Revaluation gains/(losses) recognised in the revaluation reserve	(7,197)	(7,657)	0	0	(17)	(6,665)	0	(21,536)
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	(7,053)	(25,433)	0	0	0	(15,801)	0	(48,287)
Depreciation	(26,303)	(14,319)	(8,662)	(10,464)	0	(450)	0	(60,198)
Impairments recognised in the revaluation reserve	(70)	(1,067)	0	0	0	0	0	(1,137)
Impairments recognised in the surplus / deficit on the provision of services	(125)	(135)	0	0	0	0	0	(260)
Disposals and Decommissioning	(3,415)	(12,960)	(2,980)	0	0	0	0	(19,355)
Assets reclassified (to) / from Held for Sale	0	(440)	0	0	0	0	0	(440)
At 31 March 2021	2,257,821	1,214,533	37,116	153,678	8,955	75,137	98,509	3,845,749

Reconciliation of Infrastructure assets to PPE

As infrastructure assets are not disclosed on the face of the Balance Sheet the reconciling note below shows total PPE assets analysed between PFI assets and those owned by the Council:

Balances as at 31 March 2022	Infrastructure Assets £'000	Other PPE Assets £'000	Total PPE Assets £'000
Owned	138,150	3,789,243	3,927,393
PFI	12,132	98,143	110,275
Carrying Amount	150,282	3,887,386	4,037,668

Balances as at 31 March 2021	Infrastructure Assets £'000	Other PPE Assets £'000	Total PPE Assets £'000
Owned	141,113	3,598,108	3,739,221
PFI	12,565	93,963	106,528
Carrying Amount	153,678	3,692,071	3,845,749

Movements in carrying amount are shown in the tables above

3. Group Capital Commitments

	2021/22 £'000	2020/21 £'000
Finance & Investment	0	0
Resident Services (GF)	16,590	27,858
Resident Services (HRA)	36,923	23,612
Sustainable Growth & Opportunity	6,807	6,635
Homes For Lambeth	14,400	9,811
Total	74,720	67,916

The figures in the note above are based on outstanding purchase order amounts.

The largest capital commitments within Resident Services (GF) are for Lambeth Archives, the new build of an Adult Day Centre, Sudbourne School and a Waste and Cleansing Fleet Replacement programme. Somerleyton Road works are the largest capital commitment within Sustainable Growth & Opportunity. The HRA includes LHS works and expenditure relating to Fire Risk Assessment works.

The £9.8m Homes For Lambeth capital commitments above include £9.7m relating to site costs, £9.0m of which relates to South Lambeth – Phase 1.

4. Group Unusable Reserves

Adjustments between Accounting and Funding Basis 2021/22

Unusable Reserve	Opening Balance 1 Apr 2021 £'000	Other Comprehensive Income and Expenditure 2021/22 (CIES) £'000	Adjustments to Revenue Resources £'000	Transfers Between Revenue and Capital Resources £'000	Adjustments to Capital Resources £'000	Other Movements £'000	Closing Balance 31 Mar 2022 £'000
Revaluation Reserve	(914,060)	(165,756)	0	0	0	13,321	(1,066,495)
Financial Instruments Adjustment Account	3,867	0	(1,360)	0	0	0	2,507
Pensions Reserve	716,865	(206,693)	40,460	0	0	0	550,632
Collection Fund Adjustment Account	24,983	0	(16,251)	0	0	0	8,732
Accumulated Absences Account	4,576	0	321	0	0	0	4,896
Capital Adjustment Account	(1,875,119)	0	115,506	(16,727)	(58,215)	(13,321)	(1,847,876)
Deferred Capital Receipts	(390)	0	0	0	0	0	(390)
Dedicated Schools Grant Adjustment Account	474	0	2,269	0	0	0	2,743
Redress Capitalisation Directive Reserve	31,799	0	0	0	(24,459)	0	7,340
Total	(2,007,005)	(372,449)	140,945	(16,727)	(82,674)	0	(2,337,911)

Adjustments between Accounting and Funding Basis 2020/21

Unusable Reserve	Opening Balance 1 Apr 2020 £'000	Other Comprehensive Income and Expenditure 2020/21 (CIES) £'000	Adjustments to Revenue Resources £'000	Transfers Between Revenue and Capital Resources £'000	Adjustments to Capital Resources £'000	Other Movements £'000	Closing Balance 31 Mar 2020 £'000
Revaluation Reserve	(958,310)	22,673	0	0	0	16,630	(914,060)
Financial Instruments Adjustment Account	3,933	0	(66)	0	0	0	3,867
Pensions Reserve	562,180	143,127	11,558	0	0	0	716,865
Collection Fund Adjustment Account	(8,054)	0	33,037	0	0	0	24,983
Accumulated Absences Account	4,100	0	476	0	0	0	4,576
Capital Adjustment Account	(1,920,946)	0	137,414	(9,461)	(60,549)	(16,630)	(1,875,119)
Deferred Capital Receipts	(391)	0	0	0	1	0	(390)
Dedicated Schools Grant Adjustment Account	0	0	474	0	0	0	474
Redress Capitalisation Directive Reserve	40,484	0	0	0	(8,685)	0	31,799
Total	(2,277,004)	165,800	182,893	(9,461)	(69,233)	0	(2,007,005)

For explanations of each of the unusable reserves above, please see note 31 Unusable Reserves in the single-entity financial statements.

5. Group Investing Activities

	2021/22 £'000	2020/21 £'000
Purchase of property, plant and equipment, investment property and intangible assets	115,382	152,203
Purchase of short-term and long-term investments	20,000	10,000
Other payments for investing activities	6	81
Proceeds from the sale of property, plant and equipment and intangible assets	(24,396)	(17,114)
Proceeds from short-term and long-term investments	(10,000)	(35,000)
Other receipts from investing activities	(19,700)	(19,437)
Net cash flows from investing activities	81,292	90,733

6. Group Financing Activities

	2021/22 £'000	2020/21 £'000
Cash receipts of short and long-term borrowing	(80,000)	(50,000)
Council Tax and NNDR adjustments	(21,168)	34,079
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	4,729	5,378
Repayments of short- and long-term borrowing	(186)	0
Net cash flows from financing activities	(96,625)	(10,543)

7a. Group Senior Officers' Remuneration

The remuneration paid to the senior employees of the Group (both London Borough of Lambeth and Homes For Lambeth and its subsidiary companies) is as follows:

Name and Title	Notes	Year	*Salary, Fees & Allowances £	Expense Allowances £	Redundancy / Severance payments £	Total Remuneration excl employers' pension contributions £	Employers' pension contributions £	Election Payment (incl pension) £	Total Remuneration incl employers' pension contributions £
Andrew Travers	1	2021/22	153,350	0	0	153,350	0	0	153,350
Chief Executive		2020/21	185,000	0	0	185,000	0	0	185,000
Bayo Dosunmu	2	2021/22	171,366	0	0	171,366	33,074	0	204,440
Deputy Chief Executive and Strategic Director of Resident Services		2020/21	165,962	0	0	165,962	32,031	0	197,993
Andrew Eyres		2021/22	73,847	0	0	73,847	10,618	0	84,465
Strategic Director of Integrated Health and Adult Care		2020/21	74,400	0	0	74,400	10,618	0	85,019
Merlin Joseph	3	2021/22	168,866	0	0	168,866	32,591	0	201,457
Strategic Director of Children's Services		2020/21	172,909	0	0	172,909	33,371	0	206,281
Fiona McDermott		2021/22	168,866	0	0	168,866	0	0	168,866
Strategic Director of Finance and Investment		2020/21	165,962	0	0	165,962	0	0	165,962
Eleanor Purser		2021/22	101,320	0	0	101,320	19,555	0	120,874
Strategic Director of Sustainable Growth & Opportunity (Job Share)		2020/21	99,577	0	0	99,577	19,218	0	118,796
Sara Waller		2021/22	101,320	0	0	101,320	19,555	0	120,874
Strategic Director of Sustainable Growth & Opportunity (Job Share)		2020/21	99,577	0	0	99,577	19,218	0	118,796
Fiona Connolly		2021/22	152,987	0	0	152,987	29,527	0	182,514
Strategic Director of Children's Services		2020/21	150,356	0	0	150,356	29,019	0	179,375
Annie Hudson	4	2021/22	0	0	0	0	0	0	0
Strategic Director of Children's Services		2020/21	31,489	0	0	31,489	0	0	31,489

Name and Title	Notes	Year	*Salary, Fees & Allowances £	Expense Allowances £	Redundancy / Severance payments £	Total Remuneration excl employers' pension contributions £	Employers' pension contributions £	Election Payment (incl pension) £	Total Remuneration incl employers' pension contributions £
Paul Bates Director of Strategy & Communications		2021/22	104,688	0	0	104,688	20,205	0	124,893
		2020/21	99,271	0	0	99,271	19,159	0	118,430
Thomas Branton Director of Regeneration and Housing Growth	5	2021/22	127,596	0	0	127,596	24,626	0	152,222
		2020/21	56,633	0	0	56,633	10,930	0	67,563
Alison McKane Director of Legal and Governance	6	2021/22	0	0	0	0	0	0	0
		2020/21	88,737	0	0	88,737	16,135	0	104,872
Venetia Reid-Baptiste Director of Environment & Street scene		2021/22	128,876	0	0	128,876	24,873	0	153,750
		2020/21	113,599	0	0	113,599	21,925	0	135,524
Sandra Roebuck Director of Infrastructure and Capital Delivery		2021/22	141,196	0	0	141,196	27,251	0	168,447
		2020/21	124,858	0	0	124,858	23,704	0	148,562
Fateha Salim Acting Director of Legal and Governance	7	2021/22	114,824	0	0	114,824	22,161	0	136,985
		2020/21	98,158	0	0	98,158	18,944	0	117,102
Tasnim Shawkat Interim Director of Legal and Governance		2021/22	57,921	0	0	57,921	0	0	57,921
		2020/21	57,500	0	0	57,500	0	0	57,500
Dean Shoesmith Director of Human Resources & Organisational Development		2021/22	129,096	0	30,000	159,096	0	0	159,096
		2020/21	125,401	0	0	125,401	0	0	125,401
Christina Thompson Director of Finance and Property		2021/22	133,556	0	0	133,556	25,932	0	159,488
		2020/21	136,500	0	0	136,500	22,471	0	158,971
Hiten Dodhia Consultant in Public Health		2021/22	135,343	0	0	135,343	18,588	0	153,931
		2020/21	129,298	0	0	129,298	17,326	0	146,625
Bimpe Oki Consultant in Public Health	8	2021/22	134,079	0	0	134,079	19,281	0	153,360
		2020/21	91,392	0	0	91,392	13,523	0	104,915

Name and Title	Notes	Year	*Salary, Fees & Allowances £	Expense Allowances £	Redundancy / Severance payments £	Total Remuneration excl employers' pension contributions £	Employers' pension contributions £	Election Payment (incl pension) £	Total Remuneration incl employers' pension contributions £
Linda Adams		2021/22	133,706	0	0	133,706	31,662	0	165,367
Headteacher: Turney School		2020/21	129,454	0	0	129,454	30,655	0	160,108
Samantha Palin	9	2021/22	122,900	0	0	122,900	29,103	0	152,003
Headteacher: Woodmansterne School		2020/21	0	0	0	0	0	0	0
Gary Phillips	10	2021/22	52,649	0	0	52,649	12,467	0	65,117
Headteacher: Lilian Baylis School		2020/21	125,455	0	0	125,455	29,708	0	155,162
Joanna Tarrant		2021/22	128,203	0	0	128,203	30,358	0	158,561
Headteacher: Elm Court School		2020/21	113,657	0	0	113,657	26,914	0	140,571
Christopher Toye		2021/22	178,505	0	0	178,505	0	0	178,505
Head Teacher -Ashmole, Vauxhall, Herbert Morrison and Wyvil Schools		2020/21	169,346	0	0	169,346	0	0	169,346
Jitinder Takar		2021/22	188,700	0	0	188,700	28,305	0	217,005
Chief Executive: Homes for Lambeth		2020/21	188,700	0	0	188,700	18,870	0	207,570
Melanie Hyland		2021/22	158,100	0	0	158,100	4,743	0	162,843
Director of Finance and Resources: Homes for Lambeth		2020/21	158,100	0	0	158,100	4,743	0	162,843

* Salary, fees and allowances include amounts considered for tax in the year it was paid and may include adjustments for payments relating to prior years

For details of notes 1 to 10, see note 7 - Senior Officers' Remuneration in the single-entity financial statements.

7b. Group Higher Earners

The remuneration of the council's other employees receiving £50,000 or more, excluding pension contributions, is shown below in bands of £5,000. Due to pay inflation, the number of individuals falling within the scope of this disclosure increases each year. This note excludes those disclosed in the Group Senior Officers' Remuneration note.

Remuneration band	Number of school employees		Number of other LBL employees		Number of HFL employees		Total number of employees	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
£50,000 - £54,999	233	248	203	183	4	1	440	432
£55,000 - £59,999	127	101	102	80	2	5	231	186
£60,000 - £64,999	82	74	56	55	1	1	139	130
£65,000 - £69,999	50	46	62	52	1	0	113	98
£70,000 - £74,999	28	29	24	9	0	2	52	40
£75,000 - £79,999	18	19	16	28	1	0	35	47
£80,000 - £84,999	15	14	9	11	4	1	28	26
£85,000 - £89,999	8	8	15	14	2	1	25	23
£90,000 - £94,999	13	16	16	6	3	0	32	22
£95,000 - £99,999	10	2	7	1	3	2	20	5
£100,000 - £104,999	1	5	9	4	0	0	10	9
£105,000 - £109,999	6	4	1	2	0	2	7	8
£110,000 - £114,999	1	7	3	3	0	0	4	10
£115,000 - £119,999	3	2	3	3	1	1	7	6
£120,000 - £124,999	2	1	2	2	0	0	4	3
£125,000 - £129,999	0	0	1	2	1	1	2	3
£130,000 - £134,999	0	0	0	0	0	0	0	0
£135,000 - £139,999	0	1	0	0	1	0	1	1
£140,000 - £144,999	0	0	0	0	0	0	0	0
£145,000 - £149,999	0	0	0	0	1	2	1	2
Total for £50,000 to £149,999	597	577	529	455	25	19	1151	1051

A photograph of a park scene, likely Central Park in New York City, featuring a large gazebo with a domed roof, a tall black lamppost, and a wooden bench. The scene is overlaid with a green gradient that is darker on the right side where the text is located.

7.

Pension Fund Accounts and Notes

Pension Fund Accounts and Notes

FUND ACCOUNT AND NET ASSETS STATEMENT

FUND ACCOUNT	Note	2021/22 £'000	2020/21 £'000
Dealing with members, employers and others directly involved in the fund:			
Contributions	7	(55,733)	(53,703)
Transfers in from other pension funds	8	(2,648)	(3,982)
Sub-Total		(58,381)	(57,685)
Benefits	9	59,491	59,251
Payments to and on account of leavers	10	6,441	9,959
Sub-Total		65,932	69,210
Net (additions)/withdrawals from dealing with members.		7,551	11,526
Management expenses	11	9,850	9,298
Net additions/withdrawals including fund management expenses		17,401	20,823
Returns on investments:			
Investment Income	12	(44,539)	(28,089)
Tax on Income	13a	0	0
Profit and loss on disposal of investments and changes in the market value of investments	14a	(26,912)	(353,247)
Net return on investments		(71,451)	(381,336)
Net decrease /(increase) in the net assets available for benefits during the year		(54,050)	(360,513)
Opening net assets of the scheme		(1,787,746)	(1,427,234)
Closing net assets of the scheme		(1,841,796)	(1,787,746)

NET ASSETS STATEMENT	Note	2021/22 £'000	2020/21 £'000
Investment Assets	14b	1,738,133	1,769,263
Cash Deposits	14	0	0
Total Investment Assets		1,738,133	1,769,263
Current Assets	20	105,006	18,484
Current Liabilities	21	(1,342)	0
Net assets of the fund available to fund benefits at the period end		1,841,797	1,787,746

Notes to the Accounts

The accompanying notes form an integral part of the financial statements.

1. Description of the Fund

The London Borough of Lambeth Pension Fund ('the Fund') is part of the Local Government Pension Scheme and is administered by Lambeth Council. The council is the reporting entity for this pension fund.

The following description of the Fund is a summary only. For further information, reference should be made to the Lambeth Pension Fund Annual Report 2021/22 and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and The Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).

General

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

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

It is a contributory defined benefit pension scheme administered by Lambeth Council to provide pensions and other benefits for pensionable employees of the council and a range of other scheduled and admitted bodies within the borough.

The Fund is overseen by the Pensions Committee, a statutory committee of Lambeth Council with authority to discharge the council's functions in relation to the pension fund.

Membership

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

Organisations participating in the Lambeth Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which are other organisations that participate in the Fund via an admission agreement. Admitted bodies include voluntary and charitable bodies or private contractors undertaking an outsourced local authority function.

There are 28 employer organisations within the Fund including Lambeth Council itself, although only 27 have active members as set out in the following table.

Lambeth Pension Fund	31 March 2022	31 March 2021
Number of employers with active members	27	24
Number of employees in scheme:		
Lambeth council	4,587	4,551
Other employers	366	462
Total	4,953	5,013
Number of Deferred pensioners:		
Lambeth council	8,385	8,160
Other employers	232	300
Total	8,617	8,460
Number of pensioners:		
Lambeth council	7,741	7,374
Other employers	65	81
Total	7,806	7,455
Total number of members in pension scheme	21,376	20,928

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Regulations and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2022. Employee contributions are matched by employers' contributions that are set based on triennial actuarial funding valuations; current contributions are based on the 2019 valuation and range from 0% to 51.4% of pensionable pay.

Benefits

For each year of LGPS membership built up prior to 1 April 2014, Fund members receive a pension based on the appropriate accrual rate of their final pay summarised as follows.

	Service pre 1 April 2008	Service post 1 April 2008
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump sum	Automatic lump sum of 3x salary. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sums. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay each year at an accrual rate of 1/49th. Accrued pension benefits are updated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the Scheme including early retirement, ill health pensions and death benefits. For more details, please refer to the Lambeth Pension Fund Scheme handbook which is available on the Lambeth Pension Fund website at the following link:

<https://www.lgpslambeth.org/resources/a-brief-guide-to-the-lgps-for-employees/>

2. Basis of Preparation

The statement of accounts summarises the Fund's transactions for the 2021/22 financial year and its position as at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year.

The following accounting policy changes are not yet reflected in the 2021-22 Code of Practice. They are not therefore reflected in the Pension Fund Statement of Accounts:

- IFRS 16 Leases (replaces IAS 17) will be implemented on 1 April 2024;
- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) – clarifies the intention of the standard The Pension Fund Accounts have been prepared on a going concern basis.
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.
- Property, Plant and Equipment – Proceeds before intended use (Amendments to IAS16)

These changes in accounting standards are in our view unlikely to have a material impact on the Pension Fund accounts and might be subject to change

3. Summary of Significant Accounting Policies

Fund Account – revenue recognition

a) Contribution income

Normal contributions, both from members and employers, are accounted for on an accruals basis in the payroll period to which they relate.

Employer contributions are based on the percentage rate recommended by the scheme actuary. Employee contributions are based on the Regulations and range from 5.5% to 12.5% of pensionable pay.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary, or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current asset.

b) Transfers to and from other schemes

Individual transfers in/out are accounted for on a cash basis when received/paid, which is normally when the member liability is accepted or discharged (see notes 8 and 10).

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers in (see note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

c) Investment income

i) Interest income

Interest income is recognised in the Fund Account as it accrues, using normal accruals accounting. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend income

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

iii) Distributions from pooled funds

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

iv) Movement in the net market value of investments

Changes in the net market value of investments (including property funds) are recognised as income and comprise of 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 as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

e) Taxation

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

f) Management expenses

The Code does not require any breakdown of costs relating to administration, oversight and governance, and managing investments. However, in the interests of greater transparency, the Fund discloses its total pension fund management expenses in note 11 in accordance with the CIPFA guidance on Accounting for Local Government Pension Scheme Management Expenses (2016).

Administrative expenses

Administration expenses include those related to activities performed to administer benefits to members, interactions with scheme employers, and staffing and IT costs. All administration expenses are accounted for on an accruals basis. All staff costs of the pension administration team are charged directly to the Fund as well as a proportion of staff costs relating to the investment management team. Associated management, accommodation and other

overheads are apportioned to this activity and charged as expenses to the Fund.

Oversight and governance costs

Oversight and governance expenses include costs relating to the selection, appointment and monitoring of external fund managers, investment advisory services, any costs of compliance to salutatory reporting, legal costs, and audit fees. All oversight and governance expenses are accounted for on an accruals basis and charged directly to the Fund.

Investment management expenses

All investment management expenses are accounted for on an accruals basis. Fees of the external fund 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 those investments change.

Investment management expenses deducted at source (which would have been netted off investment income or asset sales) are accounted for by grossing up investment sales; this has the effect of increasing the change in value of investments reported in the Fund Account and the investment reconciliation table in Note 14a, though the closing value of investments as reported in the Net Assets Statement is unaffected. This treatment is in line with the CIPFA Guidance on Accounting for Local Government Pension Scheme Management Expenses 2016.

Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of the mandate as at the end of the year is used for inclusion in the Fund Account. In 2021/22 £0.0m fees were included in the accounts based on such estimates (2020/21: £0.0m).

Net Assets Statement

g) Financial assets

Investments are shown at fair value, as at the reporting date. Debtors and cash are accounted for at amortised cost. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised in the Fund Account.

The value of investments as shown in the net assets statement have been determined as follows:

i) Market-quoted investments

The value of an investment for which there is a readily available market price is determined by the bid market price on the final day of the accounting period.

ii) Fixed interest securities

Fixed interest securities are recorded at net market value based on their current yields.

iii) Unquoted investments

The fair value of investments for which market quotations are not readily available is determined as follows:

Valuations of delisted securities are based on the last sale price prior to delisting or, where subject to liquidation, the amount the Fund expects to receive on wind-up, less estimated realisation costs.

Securities subject to takeover offer – the value of the consideration offered under the offer, less estimated realisation costs.

Unquoted securities typically include private equity. The valuation of these pools or directly held securities

is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.

Investments in private equity funds and unquoted listed partnerships are valued based on comparable valuations of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines.

iv) Pooled investment vehicles

Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published or, if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income that is reinvested in the fund, net of applicable withholding tax.

h) Foreign currency transactions

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

j) 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, liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

k) Financial liabilities

A financial liability is recognised in the net assets statement on the date the Fund becomes party to the 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.

Other financial liabilities classed as amortised cost 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.

l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of 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 (note 19).

m) Additional voluntary contributions

Lambeth Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. The Fund has appointed Prudential, Equitable Life, and Clerical Medical as its AVC providers.

AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. AVC contributors receive an

annual statement detailing the value of their contributions and any movements in the year.

AVCs are not included in the statement of accounts in accordance with the Regulations but are disclosed separately in the notes to the accounts (note 22).

n) 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 has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that 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 Assets Statement but are disclosed by way of narrative in notes 24 and 25.

4. Critical Judgements in Applying Accounting Policies

There were no critical judgements in 2021-22 other than estimation uncertainty that would have impacted on the financial statements.

5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates, and assumptions that affect the value of assets and liabilities reported at the balance sheet date as well as the amounts reported for revenue and expenses

incurred during the year. Estimates and assumptions consider historical experience, current trends, and other relevant factors; however, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates. The items

in the financial statements as at 31 March 2022 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
Private equity (Note 14)	Private equity investments are valued at fair value in accordance with British Private Equity and Venture Capital Association guidelines. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation. The valuation shown as at 31 March 2022 is £74.9m.	The total (called) private equity investment in the financial statements is £74.9m. There is a risk that this investment may be under- or overstated in the accounts by up to £19m as a result of market volatility i.e., interest rate, inflation rate. Private Equity is illiquid for holding until its maturity of 12 years.
Pooled property funds (Note 15)	The pension fund contains investments in unitised pooled property funds that are classified within the financial statements as level 3 investments (as detailed in note 15).	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by up to 14.1% i.e. an increase or decrease of £24.0m, on carrying values of £170m.

6. Events after the Reporting Date

The actuary issued the 2022 triennial valuation results on 30 March 2023, the employer contribution rate for the next three years has been set at 19.3%. The funding level is 96% and has a deficit of £79m.

In addition, as a result of the updated triennial valuation, the Actuarial Present Value of Promised Retirement Benefits (Note 19) has also been updated to reflect the revised position.

7. Contributions Receivable

Category	2021/22 £000	2020/21 £'000
Employees	11,092	10,227
Employers:		
Normal contributions	32,142	30,976
Deficit recovery contributions	12,500	12,500
Augmentation contributions	0	0
Total employer contributions	44,642	43,476
Total contributions receivable	55,734	53,703

Type of employer	2021/22 £000	2020/21 £'000
Administering authority	51,777	49,849
Scheduled bodies	3,535	3,341
Admitted bodies	34	341
Community admission body	352	106
Transferee admission body	34	66
Total	55,732	53,703

8. Transfers in from Other Pension Funds

	2021/22 £000	2020/21 £'000
Individual transfer	2,648	3,982
Total	2,648	3,982

9. Benefits Payable

Category	2021/22 £000	2020/21 £'000
Pensions	50,604	50,107
Commutation and lump sum retirement benefits	6,926	8,078
Lump sum death benefits	1,962	1,065
Total	59,492	59,251

Authority	2021/22 £000	2020/21 £'000
Administering authority	59,375	59,199
Scheduled bodies	117	6
Admitted bodies	0	46
Community admission body	0	0
Total	59,492	59,251

10. Payments to and on Account of Leavers

	2021/22 £000	2020/21 £'000
Refund to members leaving service	151	283
Individual transfers	6,290	9,676
Total	6,441	9,959

11. Management Expenses

	2021/22 £000	2020/21 £'000
Administrative costs	1,724	1,122
Investment management expenses	7,689	7,699
Oversight and governance costs	436	477
Total	9,849	9,298

The 2021/22 the Fund paid £1.7m in staffing costs. This disclosure is as per CIPFA guidance, and further details concerning key management personnel are included within the Annual Report.

11a. Investment Management Expenses

2021/22	Total £'000	Management fees £'000	Transaction costs £'000
Bonds	181	181	0
Equities	0	0	0
Pooled investments	3,660	3,660	0
Pooled property investments	1,222	1,222	0
Private equity	422	422	0
Multi Asset Credit	1,776	1,776	0
Private Debt	396	396	0
Subtotal	7,657	7,657	0
Custody Costs	33		
Total	7,690		

2020/21	Total £'000	Management fees £'000	Transaction costs £'000
Bonds	200	200	0
Equities	0	0	0
Pooled investments	4,202	4,202	0
Pooled property investments	1,239	1,239	0
Private equity	544	544	0
Multi Asset Credit	1,257	1,257	0
Private Debt	226	226	0
Subtotal	7,668	7,668	0
Custody Costs	31		
Total	7,699		

This analysis of the costs of managing the Lambeth Pension Fund during the period has been prepared in accordance with CIPFA guidance.

The total management expenses incurred (deducted in the daily pricing of the individual portfolios) for the year were £7.7m (2020-21 £7.3m) of which only £0.039m was invoiced and the remainder deducted at source by fund managers.

In addition to these costs, indirect costs are incurred through the bid-offer spread on investments sales and purchases. This is reflected in the cost of investment acquisitions and in the proceeds from the sales of investments (note 14a).

12. Investment Income

	2021/22 £'000	2020/21 £'000
Fixed interest securities		3
Private equity income	24,599	9,536
Pooled property investments	3,593	4,271
Pooled investments - unit trust and other managed funds	5,078	4,589
MAC Fund	7,925	7,738
Private Debt	3,219	1,940
Interest on cash deposits	7	0
Other	119	11
Total	44,540	28,089

13a. Taxes on Income

	2021/22 £'000	2020/21 £'000
Tax - equities	0	0
Total	0	0

13b. External Audit Costs

	2021/22 £'000	2020/21 £'000
Payable in respect of external audit	19	19
Total	19	19

14. Investments Assets

	2021/22 £'000	2020/21 £'000
Bonds		
Fixed interest securities	281,162	222,409
Equities		
Pooled investments	772,946	916,792
Other investments		
Pooled property investments	170,178	159,115
Private equity	75,238	72,508
Multi Asset Credit	358,666	352,080
Private Debt	79,757	46,175
Subtotal	683,838	629,878
London CIV	150	150
Cash Instruments	36	34
Subtotal	186	184
Total Investment assets	1,738,133	1,769,263

14a. Reconciliation of Movements in Investments

	Market value 1 April 2021 £000	Purchases during the year £000	Transfers – IN £000	Sales during the year £000	Transfers - OUT £000	Change in cash £000	Change in market value £000	Market value 31 March 2022 £000
Fixed interest securities	222,409	70,135	0	(25,314)	0	0	13,933	281,162
Pooled investments	916,792	5,073	0	(146,660)	0	0	(2,260)	772,946
Pooled property investments	159,115	0	0	(1,222)	0	0	12,285	170,178
Private equity	72,508	3,285	0	(422)	0	0	(132)	75,238
Multi Asset Credit	352,080	7,925	0	(1,776)	0	0	436	358,666
Private Debt	46,175	33,589	0	(2,135)	0	0	2,127	79,757
London CIV	150	0	0	0	0	0	0	150
Cash Instruments	34	0	53	0	0	(50)	0	36
Total	1,769,263	120,007	53	(177,528)	0	(50)	26,389	1,738,133

	Market value 1 April 2020 £000	Purchases during the year £000	Transfers – IN £000	Sales during the year £000	Transfers - OUT £000	Change in cash £000	Change in market value £000	Market value 31 March 2021 £000
Fixed interest securities	220,331	13,126	0	(13,125)	0	0	2,164	222,409
Pooled investments	735,168	4,454	0	(139,577)	0	0	316,748	916,792
Pooled property investments	172,433	0	0	(1,475)	0	0	(11,843)	159,115
Private equity	67,464	492	0	(544)	0	0	5,095	72,508
Multi Asset Credit	183,060	127,538	0	(1,257)	0	0	42,738	352,080
Private Debt	24,446	24,491	0	(226)	0	0	(2,536)	46,175
London CIV	150	0	0	0	0	0	0	150
Cash Instruments	33	0	56	0	0	(55)	0	34
Total	1,403,086	170,101	56	(156,293)	0	(55)	352,366	1,769,263

14b. Analysis of Investments

	31 March 2022 £'000	31 March 2021 £'000
Bonds		
- Corporate quoted	281,162	222,409
Pooled funds - additional analysis		
- Unit trusts quoted	772,813	916,405
- Hedge fund of funds unquoted	133	387
Pooled property investments UK unquoted	45,867	42,719
Pooled property investments Overseas unquoted	124,311	116,396
Private equity unquoted	75,238	72,508
Multi Asset Credit Overseas quoted	358,666	352,080
Private Debt Overseas quoted	79,757	46,175
London CIV	150	150
Cash Instrument	36	34
Total investment assets	1,738,133	1,769,263

14c. Investments Analysed by Fund Manager

	Market Value 31 March 2022 £000	% of Fund	Market Value 31 March 2021 £000	% of Fund
Adam Street	75,238	4.3	72,508	4.1
Invesco	170,134	9.8	159,074	9.0
Insight	281,196	12.6	222,441	12.6
London CIV	150	0.0	150	0.0
London CIV - BG Global Equity	285,790	16.4	406,304	23.0
London CIV - JP Morgan	171,868	9.9	191,447	10.8
London CIV - MAC	234,856	13.5	229,293	13.0
Insight MMF	5,000	0.3	5,000	0.3
M&G	123,810	7.1	122,787	6.9
London CIV - RBC	310,155	17.8	313,654	17.7
PAAMCO	133	0.0	387	0.0
RREEF	46	0.0	43	0.0
Churchill Asset Management	46,158	2.7	23,807	1.3
Permira	33,599	1.9	22,368	1.3
Total	1,738,133	100	1,769,263	100

The following investments represent over 5% of the net assets of the fund.

	Market Value 31 March 2022 £000	% of Fund	Market Value 31 March 2021 £000	% of Fund
Invesco	170,134	9.8	159,074	9.0
Insight	281,196	12.6	222,441	12.6
London CIV - BG Global Equity	285,790	16.4	406,304	23.0
London CIV - JP Morgan	171,868	9.9	191,447	10.8
London CIV - MAC	234,856	13.5	229,293	13.0
London CIV - RBC	310,155	17.8	313,654	17.7
M&G	123,810	7.1	122,787	6.9

15. Fair Value – Basis of Valuation

The basis of valuation for 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, where possible using market-based information at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Pooled investments – overseas unit trusts and property funds	Level 3	Closing bid price where bid and offer prices are published; closing single price where single price published	NAV-based pricing set on a forward pricing basis	Material events occurring between the date of the statements provided and the Fund's own reporting date, changes to expected cash flows, or by variances between audited and unaudited accounts.
Pooled investments – hedge funds	Level 3	Closing bid price where bid and offer prices are published; closing single price where single price published	NAV-based pricing set on a forward pricing basis	Material events occurring between the date of the statements provided and the Fund's own reporting date, changes to expected cash flows, or by variances between audited and unaudited accounts.
Unquoted equities	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines	EBITDA multiple, revenue multiple, discount for lack of marketability, control premium	Material events occurring between the date of the statements provided and the Fund's own reporting date, changes to expected cash flows, or by variances between audited and unaudited accounts

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the potential impact on the closing value of investments held as at 31 March 2022.

	Valuation range (+/-)	Value at 31 March 2022 £000	Value on increase £000	Value on decrease £000
Pooled investments – Hedge funds	6.8%	133	142	124
Pooled investments – Property Funds	14.1%	170,178	194,220	146,136
Private equity	25.0%	75,238	94,028	56,448
Total		245,549	288,390	202,708

15a. Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and quoted unit trusts.

Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value based on observable data.

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Property pooled funds continue to be included at level 3 as a result of the market valuation uncertainty that has been added to the fund valuations

Values at 31 March 2022	Quoted Market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss				
Bonds	281,162	0	0	281,162
Pooled investments	1,211,386	0	133	1,211,519
Pooled property investments	0	0	170,178	170,178
Private equity	0	0	75,238	75,238
Cash deposits	36	0	0	36
Total	1,492,584	0	245,549	1,738,133

Values at 31 March 2021	Quoted Market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss				
Bonds	222,409	0	0	222,409
Pooled investments	1,314,810	0	387	1,315,197
Pooled property investments	0	0	159,115	159,115
Private equity	0	0	72,508	72,508
Cash deposits	34	0	0	34
Total	1,537,253	0	232,010	1,769,263

15b. Reconciliation of Fair Value Measurements within Level 3

	Market value 1 Apr 2021 £000	Transfer into level 3 £000	Transfer out of level 3 £000	Purchases £000	Sales £000	Unrealised gain (loss) £000	Realised gain (loss) £000	Market Value 31 March 2022 £000
Hedge Fund of Funds	387	0	0	0	0	(254)	0	133
Private equity	72,508	0	0	3,285	(422)	(132)	0	75,239
Pooled property investments	159,115	0	0	0	(1,222)	12,285	0	170,178
	232,010	0	0	3,285	(1,644)	11,899	0	245,550

	Market value 1 Apr 2020 £000	Transfer into level 3 ££000	Transfer out of level 3 £000	Purchases ££000	Sales £000	Unrealised gain (loss) £000	Realised gain (loss) ££000	Market Value 31 March 2021 £000
Hedge Fund of Funds	655	0	0	0	0	(268)	0	387
Private equity	67,464	0	0	492	(544)	5,095	0	72,508
Pooled property investments	172,435	0	0	0	(1,475)	(13,318)	0	159,115
	240,554	0	0	492	(2,019)	(8,491)	0	232,010

16a. Classification of Financial Instruments

	2021/22			2020/21		
	Fair value through profit & loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000	Fair value through profit & loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000
Financial Assets:						
Fixed interest securities	281,162	0	0	222,409	0	0
Pooled investments	772,946	0	0	916,792	0	0
Pooled property investments	170,178	0	0	159,115	0	0
Private equity	75,238	0	0	72,508	0	0
Multi Asset Credit	358,666	0	0	352,080	0	0
Private Debt	79,757	0	0	46,175	0	0
London CIV	150	0	0	150	0	0
Cash instruments	36	0	0	34	0	0
Debtors	0	612	0	0	600	0
Cash and cash equivalents	0	104,394	0	0	17,714	0
Financial Liabilities:						
Creditors	0	0	(1,342)	0	0	(170)
Total	1,738,133	105,006	(1,342)	1,769,263	18,314	(170)

16b. Net Gains and Losses on Financial Instruments

	31 March 2022 £000	31 March 2021 £000
Financial Assets:		
Fair Value through profit and loss	26,389	352,367
Measured at amortised cost	0	0
Financial Liabilities:		
Measured at amortised cost	523	880
Total	26,912	353,247

17. 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 portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk, and interest 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 Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the Fund's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) 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, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis. The Fund manages these risks in two ways:

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

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

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, and in consultation with the Fund's investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2021/22 reporting period. The potential price changes disclosed below are broadly consistent with a one-standard deviation movement in the value of the assets. The sensitivities are

consistent with the assumptions contained in the investment advisors' most recent review; this analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset type	Potential market movement 21-22	Potential market Movement 20-21
Bonds - LDI	14.3%	14.7%
Emerging Market Equities	26.2%	26.5%
Sustainable Equities	17.0%	17.8%
Private Debt	10.6%	10.6%
Global Equities	17.0%	17.8%
Pooled Property Investments	14.1%	14.1%
Private Equity	25.0%	24.0%
Multi Asset Credit	10.7%	9.4%
Hedge Funds	6.8%	6.8%
Money Market Fund	0.0%	0.0%
Cash - GBP	0.0%	0.0%

Had the market price of the Fund's investments increased/decreased in line with the above percentage movements, the change in the net assets available to pay benefits would have been as follows (the prior year comparator is also shown below).

Change in the net assets

Asset type	Value at 31 March 2022 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Bonds - LDI	281,196	40,331	321,527	240,865
Emerging Market Equities	171,868	44,981	216,849	126,887
Private Debt	79,757	8,487	88,244	71,270
Global Equities	595,945	101,421	697,366	494,525
Pooled Property Investments	170,180	24,043	194,223	146,137
Private Equity	75,238	18,790	94,028	56,448
Multi Asset Credit	358,666	38,213	396,879	320,453
Hedge Funds	133	9	142	124
Money Market Fund	5,000	0	5,000	5,000
London CIV	150	0	150	150
Total	1,738,133	276,274	2,014,407	1,461,859

Asset type	Value at 31 March 2021 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Bonds - LDI	222,441	32,699	255,139	189,742
Emerging Market Equities	191,447	50,734	242,181	140,714
Private Debt	46,175	4,895	848,110	41,281
Global Equities	719,958	128,152	181,552	591,805
Pooled Property Investments	159,117	22,435	89,910	136,681
Private Equity	72,508	17,402	92,089	55,106
Multi Asset Credit	352,080	33,096	385,175	318,984
Hedge Funds	387	26	413	361
Money Market Fund	5,000	0	5,000	5,000
London CIV	150	0	150	150
Total	1,769,263	289,439	2,058,701	1,479,824

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Fund and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2022 and 31 March 2021 is set out in the table opposite. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk – sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of Fund assets, both of which affect the value of the net assets available to pay benefits. A 100 basis points movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The Fund's investment advisor has advised that long-term average rates are expected to move less than 100 basis points from one year to the next.

The analysis opposite assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 basis point change in interest rates.

Assets exposed to interest rate risk	Value at 31 March 2022 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Cash and cash equivalents	104,394	0	104,394	104,394
Fixed interest securities	281,162	2,812	283,974	278,351
Total	385,556	2,812	388,368	382,745

Assets exposed to interest rate risk	Value at 31 March 2021 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Cash and cash equivalents	17,714	0	17,714	17,714
Fixed interest securities	222,409	2,224	224,633	220,185
Total	240,123	2,224	242,347	237,899

Income exposed to interest rate risk	Amount Receivable 2021/22 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Cash and cash equivalents	7	0	7	7
Fixed interest securities	0	0	0	0
Total	7	0	7	7

Income exposed to interest rate risk	Amount Receivable 2020/21 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Cash and cash equivalents	0	0	0	0
Fixed interest securities	3	0	3	3
Total	3	0	3	3

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not influence the value of cash/cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

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 the functional currency of the fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's currency rate risk is routinely monitored by the Fund and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

Currency risk – sensitivity analysis

Following analysis of historical data in consultation with the Fund investment advisors, the Fund considers the likely volatility associated with foreign exchange rate movements to be 10% (as measured by one standard deviation).

A 10% fluctuation in the currency is considered reasonable based on the Fund advisor's analysis of long-term historical movements in the month-end exchange rates over a rolling 36-month period.

This analysis assumes that all other variables, in particular interest rates, remain constant. A 10% strengthening / weakening of the pound against the various currencies in which the Fund holds investments would increase / decrease the net assets available to pay benefits as follows:

Assets exposed to currency risk	Value at 31 March 2022 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas unquoted securities	75,238	7,524	82,762	67,714
Overseas unit trusts	124,311	12,431	136,742	111,880
Total	199,549	19,955	219,504	179,594

Assets exposed to currency risk	Value at 31 March 2021 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas unquoted securities	72,508	7,251	79,758	65,257
Overseas unit trusts	116,396	11,640	128,035	104,756
Total	188,903	18,890	207,794	170,013

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market value of investments generally reflects 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 Fund believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2022 was £104.4m (31 March 2021: £17.7m). This was held with the following institutions.

	Rating	31 March 2022 £000	31 March 2021 £000
Money Market Funds:			
Northern Trust - Liquidity Fund	AAA	19	24
Bank Deposits and Current Account:			
Royal Bank of Scotland	A+	104,394	17,714
Total		104,413	17,738

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure it maintains adequate cash resources to meet its commitments. This will particularly be the case for cash from the cash flow matching mandates from the main investment strategy to meet pensioner payroll costs, and cash to meet investment commitments; the Fund has immediate access to its cash holdings.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets that will take longer than three months to convert into cash. As at 31 March 2022 the value of liquid assets was £1,686.5m, which represented 91.57% of total Fund assets (31 March 2021: £1,714.6m, which represented 95.9% of total Fund assets).

The Fund's Investment Management team prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy.

All financial liabilities at 31 March 2022 are due within one year.

Refinancing risk

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

18. Funding Arrangements

In line with the Regulations the Fund's actuary undertakes a funding valuation every three years for setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022.

The funding policy is set out in the Fund's Funding Strategy Statement, dated January 2023. The key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants;
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term);
- where appropriate, ensure stable employer contribution rates;
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy; and
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 17 years and to provide stability in employer contribution rates by spreading any increases in rates over a reasonable period. Solvency is achieved when the funds held, future expected investment returns, and future contributions are sufficient to meet expected future pension benefits payable. When an employer's funding level is less than 10% of the 100% funding target, then a deficit recovery plan will be put

in place requiring additional contributions from the employer to meet the shortfall.

At the 2022 actuarial valuation the Fund's assets, which at 31 March 2022 were valued at £1,842m, were sufficient to meet 96% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date (82% as at 31 March 2019). The resulting deficit at the 2022 valuation was £79m (£307m as at 31 March 2019).

Changes to contribution rates have been phased in over the three-year period from April 2023 to 31 March 2026 for all scheme employers. Individual employers' rates will vary depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable, as well as the methods and assumptions used, can be found in the 2022 actuarial valuation report and the Funding Strategy Statement on the Fund's website.

The Fund's liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or an expected earlier date of leaving pensionable membership

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

Longevity assumptions

The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50%

p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	31 March 2022	31 March 2019
Retiring today		
Males	21.5	21.5
Females	24.3	23.9
Retiring in 20 years		
Males	23.0	23.1
Females	25.9	25.7

19. Actuarial Present Value of Promised Retirement

Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the pension fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers, and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting Fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

To assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see note 18). The actuary has also valued ill health and death benefits in line with the IAS 19.

Calculated on an IAS 19 basis, the actuarial present value of promised retirement benefits at 31 March 2022 was £ 2,336m (31 March 2021: £2,504m). The fair value of the scheme assets was estimated to be £1,800m (31 March 2021: £1,747m), and the net liability was therefore implied to be £536m (31 March 2021: £758m).

As noted above, the liabilities are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 triennial funding valuation (see note 18) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Assumptions used	Assumptions used	2021/22 %
Pension increase rate	3.20	2.85
Salary increase rate	3.70	3.35
Discount rate	2.70	2.00

20. Current Assets

	31 March 2022 £'000	31 March 2021 £'000
Sundry debtors	612	770
Cash balances	104,394	17,714
Total	105,006	18,484

21. Current Liabilities

	31 March 2022 £'000	31 March 2021 £'000
Sundry creditors	1,342	0
Total	1,342	0

22. Additional Voluntary Contributions

	31 March 2022 £'000	31 March 2021 £'000
Prudential	3,246	2,304
Utmost Life & Pensions	539	467
Clerical Medical	206	168
Total	3,981	2,939

23. Related Party Transactions

Lambeth council administers the Lambeth Pension Fund. Consequently, there is a strong relationship between the council and the pension fund.

During the reporting period, the council incurred costs of £1.72m (2020/21 £1.12m) in relation to the administration of the fund and these costs were reimbursed by the Fund. The Council is also the single largest employer of members of the pension fund and contributed £41.2m to the fund in 2021/22 (2020/21: £40.0m). All monies owing to and due from the fund were paid in year.

Governance

There are no elected Members of the Pensions Committee in receipt of pension benefits from the Lambeth Pension Fund; the pensioner representative was in receipt of pension benefits from the Lambeth Pension Fund during the year, although this position was vacant as at 31 March 2022. In addition, Pensions Committee staff representative S SivaAnanthan is an active member of the pension fund.

Members of the Pensions Committee are required to declare interests at each meeting.

24. Contingent Liabilities and Contractual

Commitments

The total investment commitments as at 31 March 2022 are £354.29m and the outstanding undrawn commitments are £139.41m (31 March 2021: total commitment £212.2m and outstanding was £36.9m).

These commitments relate to outstanding call payments due on the Private Equity & Private Debt mandates of the portfolio. The amounts 'called' by these fund managers are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

25. Contingent Assets

Admitted body employers in the Lambeth Pension Fund hold bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the pension fund and payment will only be triggered in the event of employer default.



8.

Annual Governance Statement

Annual Governance Statement

EXECUTIVE SUMMARY

The overall assessment is that the council is satisfied that governance, risk management and control in relation to business-critical areas was generally satisfactory during 2021/22.

Audit activity has identified specific areas where improvement is requirement and plans are in place to address these and continue to strengthen the governance arrangements.

INTRODUCTION AND ACKNOWLEDGEMENT OF RESPONSIBILITY

The council is responsible for ensuring that it acts in accordance with the law and that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. Additionally, the council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The council has adopted a code of corporate governance which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives and Senior Managers (SoLACE) framework: Delivering Good Governance in Local Government.

This statement explains how the council has complied with the code and also meets the requirements of Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement. In line with the CIPFA/SoLACE framework, this statement is “an open and honest self-assessment” of the council’s performance across all of its activities and describes

- the specific achievements in the 2020-21 financial year;
- the processes applied in reviewing the effectiveness of the council’s governance framework, including the system of internal control;
- the actions proposed to deal with any significant governance issues identified.

THE PRINCIPLES OF GOOD GOVERNANCE

The CIPFA/SoLACE Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector. The document sets out seven core principles that underpin the governance framework and these are set out below (Appendix B sets out in more detail how the council is meeting these requirements in practice).

CORE PRINCIPLES OF THE CIPFA/SOLACE FRAMEWORK

- a. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- b. Ensuring openness and comprehensive stakeholder engagement
- c. Defining outcomes in terms of sustainable economic, social and environmental benefits
- d. Determining the interventions necessary to optimise the achievement of the intended outcomes
- e. Developing the entity's capacity, including the capability of its leadership and the individuals within
- f. Managing risk and performance through robust internal control and strong public financial management
- g. Implementing good practices in transparency, reporting and audit to deliver effective accountability

KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK

The council's governance framework comprises the systems, processes, cultures and values by which the organisation is directed and controlled, and through which it accounts to, engages with and leads the local community. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

Figure 1 – Overview of the council's Governance Framework

Overview and Scrutiny

- Scrutiny is used to hold public-service providers in Lambeth to account and help improve the public services in the area
- Scrutiny committee review council policy and can challenge decisions
- They scrutinise the decisions of cabinet and performance of the council and have a key role in advising on the development of council policy

Council, Cabinet and Leader

- Provide leadership, approve the budget, develop and set policy
- Provide oversight of the council's strategic financial management and performance (role of the Cabinet Member for finance)
- Approve the constitution which sets out how the council operates
- Agree council plan priorities, developed in consultation with residents and stakeholders

- Manage the delivery of agreed council priorities, strategies and policies

Corporate Committee

The council's Corporate Committee has responsibility for non-executive functions other than planning, licensing, pensions and standards. It meets approximately five times a year and receives reports on the regulatory framework as follows:

- Annual Governance Statement
- Statement of accounts and external auditor's opinion
- External audit plan
- Internal audit plan
- Internal audit update
- Principal risks
- Counter-fraud; and
- Treasury management (quarterly)

The Committee may also consider additional reports on any of those functions should it consider it necessary to provide the assurance sought. Its terms of reference, structure, composition and work programme have been developed with reference to the CIPFA Position Statement and published guidance Audit Committees – Practical Guidance for Local Authorities and Police (2013)

Decision Making

- All decisions are made in compliance with law and council constitution
- All meetings are held in public

- Reports and papers are published on council website
- Decisions are recorded on the council website

Risk Management

- Risk management strategy and policy set out how risks are identified, assessed and mitigated
- Risk Registers include corporate, strategic and operational risks
- The council has an agreed risk appetite which defines the amount and type of risk the council is willing to accept

Chief Officers Team

The Director of Finance and Property is the council's appointed Chief Financial Officer in accordance with section 151 of the Local Government Act 1972. The Director of Legal Services is the council's Monitoring Officer. These are statutory posts, responsible for delivering and overseeing the financial management and governance of the council. The Chief Financial Officer and the Monitoring Officer are both members of the Corporate Management Board.

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

The London Borough of Lambeth expects the highest conduct and behaviour from all its members and officers. The council's policy and decision-making are managed and controlled within a strong, well-established framework and a major feature of this is the council's written Constitution.

The council's Constitution sets out how the council operates and how decisions are made. This includes detail about committees and their composition, their powers and procedures, financial processes, rules of procedure and legal matters. The council regularly reviews and matches its governance structures and processes to council-wide priorities to ensure the principles of good governance are applied throughout the council. The Constitution outlines the officer and member code of conduct. The council's monitoring officer oversees all member code of conduct issues with the Independent Person where necessary.

All changes to the constitution are prepared by Democratic Services, reviewed by Legal and then submitted to the Constitution Working Group (CWG). The CWG is an informal body made of senior cross-party politicians and officers from across the council chaired by the Chief Whip. The CWG meet regularly throughout the year to review the constitution and give the council confidence that its constitution remains robust, up to date and compliant with all relevant legal requirements. *Read the Constitution.*

The Standards Committee is responsible for promoting and maintaining high standards of conduct by councillors and non-elected co-opted representatives. The council completed a recruitment

exercise in 2020/21 where two Independent Persons were appointed to work with the Monitoring Officer on standards matters in accordance with the Localism Act 2011. During 2021/22, Lambeth's Independent Persons worked closely with the Standards Committee on all aspects of the Committee's work in relation to wider ethical and governance issues affecting the council, providing an independent perspective.

The council has in place a 'Whistleblowing Policy' (Duty to Act) which reflects the legal framework and obligation on the council to enable staff to raise concerns which may involve unlawful conduct, illegality, financial malpractice or dangers to the public, employees or the environment. This procedure sets out the action that individuals should take to report a concern and also the action to take if, in extreme circumstances, a matter is not addressed or if they feel that raising the matter internally could result in evidence of malpractice being concealed. *Read the Whistleblowing Charter.*

The council has a two stage process for handling complaints, supported by the Corporate Complaints Policy - The policy sets out guidance on logging, handling and monitoring complaints and for responding to enquiries from the Local Government & social Care Ombudsman (LGSCO), and the Independent Housing Ombudsman (IHO). The aim of the process is to resolve customer complaints, and drive service improvement across the council by highlighting good practice and identifying lessons learnt from complaints. If the customer feels their complaint has not been resolved after the second stage, they are able to escalate their complaint to the Ombudsman for an independent review. *Read the complaints policy.*

In recognition of the importance of improving the customer experience, learning lessons, evaluating performance the CCU improvement plan focussed on four key themes namely customer transformation, customer standards, training, and improving performance.

A 4-day Customer Experience Training course has been delivered to key managers across the council covering key skills to improve customer communication and focus, to ensure we are a listening organisation, able to improve internal process to improve the customer journey. In addition the monthly Complaint Network provides a focus on performance, current themes and developments and service improvement, while lunchtime learning sessions have been delivered across the council to improve customer service and complaint handling and investigation.

Significant increased volumes across all work streams have had a marked impact upon performance particularly affecting complaints and members enquiries. There has been a 127% increase in the local resolution complaints, a 72% increase in final review complaints, and a 16% increase in MEs. Despite receiving more than double the volume of local resolution complaints received in the previous year, performance has only reduced by 8%. The increase in volumes (72% increase in final review complaints received) in turn has impacted final review performance which reduced by 10% as these complaints escalate through our internal process.

The council has a clear process for managing Freedom of Information (FOI) and Subject Access Requests (SAR). The aim of the process is to promote transparency across the organisation and deliver an efficient approach to handling requests. As part of our aim to improve transparency, we have developed a

new web-page to publish frequently requested FOIs and provide easier access to this information for our customers. We intend to continue development of this page into 2022/23 to further improve transparency.

The FOI process is supported by Directors (who are responsible for signing off requests). Challenge is provided by the Corporate Complaints Unit where needed to ensure a high-quality response. Management Board have strategic oversight, and as part of this role receive quarterly performance reports on compliance as part of the corporate performance report, as well as receiving ad hoc updates in response to particular issues or queries. *Read the FOI guidance.*

In 2021/22, we received 2231 FOI requests, which is an increase from 2020/21 when we received 2171 requests. Performance overall for 2021/22 is within our KPI of 90% but lower than in 2020/21 as there has been an overall increase in cases received.

b. Ensuring openness and comprehensive stakeholder engagement

The council supports the principle that people should have the opportunity to voice their opinions on issues that affect them. The views of residents and service users are at the heart of the council's service delivery arrangements and are actively sought by the council as evidenced by the Residents Survey, conducted annually.

Effective partnership governance and stakeholder engagement is critical to achieving the outcomes the council and partners are working towards as described in the Borough Plan. As well as meeting their statutory duties, partnership boards will need to provide effective governance and leadership to the delivery of the Borough Plan.

In January 2019, Lambeth Council declared a climate emergency and committed to ensuring the Council's operations were carbon neutral by 2030. As well as being responsible for reducing its own carbon emissions the Council recognised its role in bringing together residents, partners, businesses, voluntary, community and faith groups to agree on how to reduce carbon emissions across the borough. In February 2020, Lambeth Council appointed Traverse to design and run Lambeth's Citizens' Assembly on the Climate Crisis. The aim of the Citizens' Assembly on the Climate Crisis was to develop a set of recommendations for the borough to reduce carbon emissions to net zero.

Between May and July 2021, 47 Lambeth residents engaged in the Assembly through online workshops and activities, the Assembly was run almost entirely online, which enabled detailed engagement and scrutiny and extremely good attendance by all.

Assembly members developed a set of recommendations in response to the question: We are facing a climate crisis: How can we work together in Lambeth to address climate change and its causes fairly, effectively and quickly?

The report produced by Traverse outlines the Assembly process, the recommendations developed by the Assembly, key principles which should be considered when implementing solutions to the climate crisis, Assembly members' reflections and next steps. The quotes throughout demonstrate the importance Assembly members placed on climate justice and equity - an approach clearly underpinning the recommendations.

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

Our Vision

In a volatile and uncertain world, Lambeth will thrive with growth and change, providing opportunity for residents and excellence in public services, making Lambeth a great place to live, learn, work and invest - driving fairer outcomes for our diverse community through:

- **Enabling sustainable growth and development in the borough:** protecting our core revenue streams to help our most vulnerable and our key services
- **Increasing community resilience:** using the benefits of growth to target our investment in early help and preventative services
- **Promoting care and independence:** reforming the way we commission and deliver services with our partners
- **Making Lambeth a place where people want to live, work and invest:** we want to maintain safe, clean and cohesive communities across the borough
- **Be passionate about equality:** strengthening diversity and delivering inclusion

Working together towards these goals has added impetus as the public sector goes through an extended period of financial contraction resulting from reductions in central government funding, and the borough more broadly faces a period of uncertainty in the wake of recovering from COVID-19 and changes brought on by Brexit. To achieve these

goals there is a commitment to collaborate, tackle inequality, be transparent and provide value for money for our residents. *Read the Borough Plan here.*

The Lambeth Borough Plan sets out the council's vision and priorities that all partners work towards in order to make Lambeth a stronger, fairer and more prosperous borough. It was developed through the Lambeth First Partnership Board (LFPB) including the council, NHS, local businesses, universities and housing associations.

We are committed to delivering great services to the people who live and work in Lambeth. To make sure we are on track with the delivery of the 20 goals set out in the Borough Plan we constantly monitor our performance against a number of indicators to see how we are doing and where we could do better. In our *performance visualisation* you can see the indicators we report on, the targets we have set ourselves and how we are performing against them. Our Annual Performance Review summarises the progress we have made towards meeting the goals set out in the Borough Plan over the past financial year.

During 2021/22 Lambeth Council's Cabinet adopted a new voluntary and community sector (VCS) assets strategy, covering 49 properties that are occupied by a wide variety of organisations and representing a significant drive towards fairer and more transparent property renting. This strategy has been thoroughly reviewed by the tenants and by occupiers throughout a lengthy consultation period.

Cllr Donatus Anyanwu, Cabinet Member for Voluntary Sector and Leisure, said: "The issue of equality and fairness has been brought to us by the sector, with many groups observing the significant differences between groups that occupied properties for a long

time, paying very little annual rent, and new groups that paid significantly larger amounts of money for a similar space.

“This strategy also has the best interest of residents at heart- as users of these spaces, many residents have been using spaces that did not get the right amount of maintenance or repairs, often putting them at risk, and some buildings were not even accessible.”

More than £2.25 million will be invested in refurbishing properties and Council buildings will now be rented on 10-year leases, with low rental levels, with tenants having to demonstrate how their work contributes towards the Borough Plan goals and the wellbeing of Lambeth residents.

Many buildings will benefit from significant repairs and more spaces will be available as groups will be encouraged to share their premises. Local groups looking for a new space will be able to join an online waiting list to either bid for any property that might become empty over time or to share spaces with existing tenants.

All organisations will pay a consistent rent, ensuring historical inequalities are removed, with a six-year phased transition in place for groups that are expected to pay more than they currently are. The rents will still be heavily subsidised by the Council, at the rate of £900,000 per year, and a new liaison role will be created in order to assist tenants with their properties. *The approved strategy is available to read [here](#).*

Financial management

The Council’s Medium Term Financial Strategy (‘MTFS’) is a four-year plan which forms a core part of the council’s strategic framework and plays a pivotal

role in translating the council’s strategic plans and ambitions into action.

The main objectives of our MTFS are:

- Prioritise our resources in-line with the council’s Borough Plan to ensure we achieve our core priorities
- Maintain a balanced budget position, and to always set a MTFS which maintains and strengthens that position
- Provide a robust framework to assist the decision-making process within the council
- Manage the council’s finances with a forward looking four year rolling strategy
- Deliver value for money to our taxpayers
- Exercise probity, prudence and strong financial control
- Manage risk, which includes holding reserves and balances at an appropriate and sustainable level as agreed by our S151 Officer
- Continually review budgets to ensure resources are targeted on our key priorities

The above objectives are at the core of our MTFS and we will ensure the objectives are upheld throughout the duration of the MTFS and beyond. The MTFS will continue to be updated as we gain greater certainty and clarity on the level of funding for future years. Both the Financial Planning processes, budget monitoring and savings delivery are subject to regular reviews by the Internal Audit Team.

Due to the importance of delivering savings and remaining within agreed budgets, savings are monitored on a monthly basis through the savings

tracker, budget monitor and regular reports to Management Board, Cabinet Member for Finance, Informal Cabinet and Cabinet. *Read The Medium Term Financial Strategy.*

In 2019 CIPFA published the Financial Management Code (FM Code) which provides guidance for good and sustainable financial management in local authorities and will provide assurance that authorities are managing resources effectively.

The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management.

The Key Principles of the Financial Management (FM) Code

The underlying principles that inform the FM Code have been designed to assist in determining whether, in applying standards of financial management, a local authority is financially stable.

The principles of good financial management as set out by the code are:

- **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.

- Adherence to professional **standards** is promoted by the leadership team and is evidenced.
- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

Good governance ensures better informed and longer-term decision making and therefore is essential for good financial management. The main headings within this governance statement are aligned with the principles of good financial management, demonstrating how the council complies with the overarching requirements of the Code. *Read the CIPFA Financial Management Code consultation version.*

d. Determining the interventions necessary to optimise the achievement of the intended outcomes

The council has in place a robust decision making process with all reports are subject to corporate clearance (Legal, Finance and Democratic Services) prior to publication in accordance with the published procedures (which form part of the Council Constitution). All reports follow a standard template which identifies the decision or action required, why the report is recommended, alternative options considered and rejected together with a details (including consultation carried out) section. The details section includes any pros and cons relevant to the proposal and deals with any supporting information that the decision maker may require in order to make a valid, legal decision. *Read the Decision Making Guide.*

The Overview and Scrutiny Committees discharge the Council's statutory scrutiny functions. This includes scrutinising items on the Council's Forward Plan and exercising the power to call-in executive key decisions, agreeing the scrutiny programme, and monitoring performance and budgets. coordination, delivery and ongoing improvement of Lambeth's Scrutiny Function. It will be specifically responsible for overseeing and scrutinising the whole range of the Authority's functions and responsibilities, as well as other public service providers' work and its impact on the local community. The Committee's remit will also extend to all matters which impact on the economic, social and environmental wellbeing of those who live, work, study or use services in the borough.

The Children's Services Scrutiny Sub-Committee is responsible for reviewing the provision, planning and management of children and young people's services,

and the Housing Scrutiny Sub-Committee scrutinise private sector housing enforcement and regulation and the work of the Housing Department in supporting the borough's goal to improve housing quality in its social homes and neighbourhoods, and managing the Lambeth Housing Partnership with other Registered Providers. Scrutiny provides the role of the "critical friend" to the decision-makers and assists in policy development, drives improvement in public services and enables the voice of the public to be heard. *Read further information on Overview and Scrutiny.*

The Corporate Committee performs the 'audit committee' role and is responsible for monitoring the effective development and operation of corporate governance across the council. It provides independent assurance of the adequacy of the council's governance arrangements, including the risk management framework and the associated control environment, the authority's financial and non-financial performance.

Each service area within the council is also required to produce an annual business plan that includes what and how services are to be delivered, the cost drivers, future challenges, opportunities and risks and how they will be addressed. The plans detail the budget envelope and projected costs for the service. Budget pressures arising in services are identified through regular monitoring of budgets with action plans to address any significant in year budget variances agreed with the corporate Management Board and subject to monthly progress / status reporting at departmental management teams. Budget and Performance monitoring is reported to Cabinet on a quarterly basis.

e. Developing the entity's capacity, including the capability of its leadership and the individuals within

2021/22 has again been a challenging year for leaders, managers and the workforce in continuing to deliver services and achieve outcomes considering the impact of the pandemic and forced changes to how we work. The significant achievement is we have continued to operate, building capacity and have learnt to manage and lead through different ways of working to ensure delivery, but also to support changing working environments and reflect the need for more wellbeing discussions and actions.

The annual appraisal of employees is part of the performance management process that helps to identify learning and development needs linked to annual objectives which are translated into personal development plans for staff. Senior officers are also expected to keep abreast of developments in their profession and share best practice for continuous organisational improvement. The Council provides many learning resources to assist, and during the pandemic converted training to online or virtual to continue this support.

The council set an appraisal target of 90% for 2021/22 with a deadline of 29 July. It is recognised that additional support is required to help line managers achieve this target. During 2021/22 the Learning and Development Team provided the following support:

- A dedicated page of resources (videos, how to guides etc) on Lamnet
- 11 Oracle Show and Tell Workshops (attended by 150 line managers) and
- A small-dedicated team of staff dealing with appraisals enquiries

For 2022/23, as part of the Organisational Development / Workforce Transformation Strategy, the council will be developing new values and behaviours which will form the basis of a new performance management framework. This will help the organisation move beyond a focus on numbers and appraisal compliance to greater focus on the quality of appraisals and improving performance management

The Council has started to develop a new OD Organisational Development Strategy which focuses on how we continue to build skills and capacity, and to recruit and retain talent, which will be launched in the summer of 2022.

Members are also offered development opportunities, in line with their own personal development plans. In addition members of key committees, such as the scrutiny committee and its panels, have received specialised training in order to equip them to carry out their duties. Support and information is also provided to opposition parties for example when they seek to put forward alternative budgets. The council is also actively engaged with colleagues through the London Member Development Network, which the Democratic Services Manager continues to attend in addition to the development opportunities provided for all.

f. Managing risk and performance through robust internal control and strong public financial management

The council has in place a 'Risk Management Strategy and Policy 2020-2023' which sets out the framework, arrangements and responsibilities in respect of how risks relating to the delivery of key outcomes and priorities, are identified and managed. The policy is intended to assist officers, at all levels, in applying sound risk management principles and practices across their areas of responsibility recognising that all employees, members and those who act on behalf of the council have a role to play in the effective management of risk. It is also relevant to Members in their capacity as 'decision makers'.

The Risk Management Strategy and Policy is subject to annual review to ensure it continues to reflect good practice and remains aligned with current business processes and practices. Any significant changes are reported to the council's Corporate Committee which has responsibility to provide independent assurance on the adequacy of the risk and internal control framework. The Corporate Committee undertakes the core functions of an audit committee and operates in accordance with CIPFA guidance. *Read the risk Management policy and strategy 2020-23.*

Risk numbers:

A total of 74 key business as usual (BAU) risks were captured on risk registers at the end of Q4 2021/22 - Further details on these risks are provided within the *31 March Corporate Committee risk report which can be read here.*

Summary of risk numbers at Q4 over the past 3 years:

- 2021/22: 74 key BAU risks identified – 14 rated as high risks
- 2020/21: 75 key BAU risks identified – 10 rated as high risks
- 2019/20: 76 key BAU risks identified – 20 rated as high risks

Key Performance Information:

In 2021/22, budget and performance information was provided to management teams monthly and Management Board and Cabinet every quarter. In terms of performance reporting, this is done by reporting on progress against the following areas:

- **Tier 1: Borough Plan KPIs** – these give an understanding as to the achievement of the five main objectives, or pillars, in the Borough Plan. Whilst some of these measures are not within the council's direct control, they do provide a better understanding of the wider wellbeing of the borough, and as such, the monitoring of their improvement provides a view as to the effectiveness of the work carried out by the council and its partners towards the success of the Borough Plan.
- **Tier 2: Priority Service KPIs** – these give an understanding as to the achievement of the five main objectives, or pillars, of the Borough Plan as well as the sixth 'enabling' pillar. These measures are within the council's direct control.
- **Tier 3: Service Performance Indicators** – these indicators are aligned with service priorities and reflect the performance of specific directorates. Directors are accountable for the management and improvement of these indicators. They are

reported to Management Board by exception where there are particular issues or concerns around longer term performance or where immediate action needs to be taken.

- **Business Plans** – each directorate produces a business plan outlining the actions that they will take to support the Borough Plan. The objectives of the Business Plans are linked to the delivery of the pillars of the Borough Plan and progress is reported quarterly to Management Board.

The methodology behind each of our Tier 1 and Tier 2 performance indicators is captured in Target Setting Protocol Forms. These forms allow us to ensure that there is clear understanding as to the scope and purpose of each indicator and that the performance team is able to provide robust challenge to our targets. The content of the Target Setting Protocol Forms is reassessed on an annual basis.

In March 2021 the council's Pension Fund was accepted as a signatory to the Financial Reporting Council (FRC) UK Stewardship Code. Stewardship can be defined as the responsible allocation, management and oversight of capital to create long-term value for beneficiaries leading to sustainable benefits for the economy, the environment and society. The Code sets high stewardship standards for those investing money on behalf of UK pensioners and those that support them; successful signatories must report annually on a comply or explain basis against twelve Stewardship Principles that cover **Purpose and Governance, Investment Approach, Engagement, and Exercising Rights and Responsibilities**. *Read the Fund's latest Stewardship Report.*

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

The council is committed to openness and transparency and publishing as much data as possible to increase accountability. The council has an Open Data section on the website that enables the public to access the data published under the requirements of the Local Government Transparency Code (2015). This Code sets out the specific data required to be published, and the timescales by which the data must be published. All data required to be published by the Local Government Transparency Code is published. *Read the open data page.*

The council's Constitution sets out how decisions are made and makes specific reference to decision making by Full Council, by the Executive (Cabinet), by Overview and Scrutiny Committees, other committees and by council bodies acting as tribunals. The council produces a Forward Plan of all Key Decisions which are proposed to be taken within the next four months (updated monthly 28 clear days prior to scheduled Cabinet meetings on a rolling basis). Other decisions are also included where practicable to assist in providing public transparency and confidence in decision making. All agendas and minutes of meetings in respect of council, Cabinet Overview and Scrutiny, Non-Executive Committees and statutory boards are published on the council's website.

The Constitution also includes an Officer Scheme of Delegation which sets out the powers and functions that are delegated to named council officers. The Scheme of Delegation is a statutory requirement and is maintained by the Service Director: Legal & Governance. In addition, 'Decision Making - Corporate Standards and Guidance for Officers' is published on

the internet and sets out the decision-making process, highlighting those aspects of decision making that are compulsory and must be complied with in all respects. *Further information on decision making is available here.*

The 2021-22 Internal Audit plan was drawn up to address the statutory requirements and key risks for the council. It was drafted from a number of sources including the council's latest principal risk report, an Internal Audit risk assessment, audit plans of other local authorities, intelligence from previous audits, and CIPFA good governance guidelines.

Audit recommendations made in previous years continued to be followed-up in 2021-22, when due. A good rate of implementation and positive outcomes have generally been noted through follow-up activity completed to date. Audit recommendations made in 2021-22 will be scheduled for follow up in 2022-23 to ensure that management action has been implemented within agreed timescales. This will provide senior management and the Corporate Committee with a direction of travel in the internal control environment across the council and will identify areas where further improvement is required.

REVIEW OF EFFECTIVENESS

Lambeth council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness.

The effectiveness of governance arrangements is monitored and evaluated throughout the year, activity undertaken includes:

- Consideration of governance issues by Directorate Management Teams and Management Board – including risk registers, counter-fraud updates and internal audit reports
- Preparation of a rolling plan of audit coverage provided by the Head of Audit and Counter Fraud which is primarily based on an assessment of the council's risk profile
- The Annual Audit Opinion which is provided by the Head of Internal Audit and Counter Fraud
- Ongoing assessment of internal management processes, including performance management and compliance monitoring
- The work of the council's governance boards and working groups, including Management Board, Directorate and Divisional Management teams and working groups (e.g. COVID-19 Silver Group, Health Protection Board (Gold), Brexit preparedness, GDPR readiness and Cyber security working groups)

- The independent views of regulatory inspection agencies such as Ofsted and the Care Quality Commission
- The views of external auditors, regularly reported to Corporate Committee, including regular progress reports and the Auditor's Annual Report
- The work of the Corporate Committee which includes responsibility for monitoring the development and operation of corporate governance in the council

ASSURANCE STATEMENT

The Public Sector Internal Audit Standards (PSIAS) require that the Chief Audit Executive provides an annual audit opinion based upon the work performed on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The wider content of this AGS indicates a good level of assurance from the council's governance framework. With regard to the annual opinion, the chief Audit Executive is satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control.

The Internal Audit Plan is designed to focus on key risks facing the council, and was approved by Corporate Committee; it has been updated throughout the year to ensure that Internal Audit is focussed on key risks facing the council and to provide assurance in the areas where it is most needed. Progress and changes are reported to every Corporate Committee. For the year ended 31 March 2022, it is the Chief Audit Executive's opinion that the adequacy and effectiveness of the Council's arrangements for the systems of control, risk management and governance are generally satisfactory with some improvement control.

COVID-19 CHALLENGES AND RECOVERY

The Covid-19 global pandemic has presented extraordinary and far-reaching challenges over the past two years. Lambeth residents have experienced great pain, hardship and isolation, and many have suffered ill-health as a result of the virus. Our Lambeth Together Covid-19 Health and Care Recovery Plan was developed by Lambeth Together partners to help guide our response to the pandemic, outline our priorities and actions in recovering, and drive change and improvement for health and wellbeing in the borough. The plan drew on the learning and experience of staff, of voluntary sector providers and community groups, and our diverse resident and community voices.

At the start of 2022, with the Lambeth Together Pledge all our partners publicly committed to prioritising rapidly improving the health of our residents that most need our support, and to addressing inequalities in health and care. The team has used *recommendations* made by Public Health England in June 2020 to guide its progress. These recommendations join up with the ongoing local work we know we need to do in Lambeth.

ACTIONS AND RISKS

We set out how we would tackle the challenge of recovery, including by working through our three Lambeth Together Delivery Alliances, across seven key areas of focus;

- Staying Healthy
- Sexual Health
- Children and young people
- Adult Mental Health
- Joining up care within and across neighbourhoods and identifying and supporting residents with the most needs
- Homeless People and Rough Sleepers
- People with learning disabilities and autism and people with continuing complex needs

All the actions we set out have been completed, are in progress or have become part of our day-to-day work.

Most notably, a third of the actions focused on getting service delivery 'back to normal' such as restarting face to face services, reopening 'closed' services and rebuilding capacity where it was needed the most. Not only has this been achieved, but in doing so, service improvements have been seen far and wide; we have found new ways to support residents and patients, that work for them, are flexible and adapt to changing circumstances. The use of digital and remote support has worked better for many groups and individuals, being convenient, easy and quick ways to engage with support.

Communication and partnership working has been a key tool for services throughout the pandemic, and as such has become embedded in standard practice. What we must ensure now, is that the positive

changes and learning that has come from the pandemic, is not lost.

63% of the risks identified in the recovery plan have been closed, with the vast majority mitigated against, and a small number that are no longer relevant. We have plans in place and are closely monitoring the remaining risks. Partners have been through three lockdowns, and have become experienced at making quick adaptations, and planning for an uncertain future. This was shown clearly through the public health response to the surge testing operations and to the vaccination response after the Omicron variant outbreak. Though it was not referenced in the original plan, through conversations with partners it became clear that workforce is a significant current risk, due to the demands on staff over the last 18 months, staff sickness absence and the needs for self-isolation periods. Partners are aware of this and ensuring staff welfare and retention will be of significant importance in the coming months and years.

Note: The emergency powers given to the Chief Executive and Leader of the Council at the start of the COVID-19 pandemic in 2020 were not exercised during 2021/22. All key decisions made in 21/22 were in line with the current constitution.

ASSURANCE STATEMENT – COVID-19 RESPONSE

Overall the council's response to the Covid-19 pandemic has been successful. There is a clear recognition that strong governance and control, unprecedented cross-directorate working and closer working relationships with Voluntary and Community Sector (VCS) partners were key to successful outcomes over the past two years. *Read further information on our response to the Coronavirus.*

2021/22 GOVERNANCE ISSUES

A summary of 2021/22 governance issues and progress against last year's issue is provided in the table below.

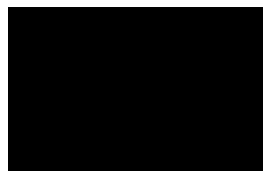
Significant Governance Issues 2021/22

Reference	Governance issue	Source	Overview of issue and actions taken (and planned) to address the issue	Leads	Timescale
1	Complaint handling failure orders: the council received five complaint handling failure orders from the independent housing ombudsman identifying service failures in respect to repairs, record keeping and complaint handling. There is also a backlog of approximately 1,700 housing complaints.	Independent housing ombudsman report	The Corporate Complaint Unit have been working intensively with the Housing Ombudsman over several months to resolve the issues and address the concerns raised. We continue to positively engage with the ombudsman and we are committed to tackling any issues raised to ensure that we provide the best possible service for all our residents. Monthly complaints reports are shared with departments and the Business Intelligence report is accessed daily to track progress.	Corporate Complaint Unit	December 22
2	Business Continuity Management (BCM): audit activity identified three high risk findings relating to BCM Programme Governance, Business Impact Analysis and Integration of wider business processes.	Audit report	The BCM Policy and Strategy are in the process of being reviewed, updated and formally approved. Recovery Time Objectives (RTOs) will be clearly defined and embedded across the organisation and clearer links will be established between BCM, procurement, emergency planning and ICT disaster recovery.	BCM Team / Directors' network	December 22
3	ICT Risk Management: cyber security training: audit activity identified a high risk finding in relation to Cyber security training – only 64% of employees had completed the training during 2021/22 which results in significant gaps with cyber security awareness and compliance.	Audit report	Cyber security is a key priority for the council, this is demonstrated by increased investment in better technology and the recent recruitment of a skilled cyber team. A new Cyber Security Strategy will be launched in 2022 and will be rolled out alongside further training, awareness raising and communications to all staff.	Directors' network / Heads of Service	December 22
4	Use of Waivers: the council needs to reduce its use of waivers of the standing orders and increase its use of competitive tendering.	Audit report	Demonstrating value for money and stewardship over public funds is a key priority for the Council. Officers will ensure they competitively procure and reduce the use of waivers. The council strive to achieve competitive procurement in 100% of its procurement activity.	Directors' Network	September 22

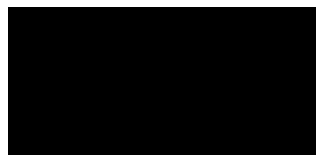
Progress against 2020/21 governance issues

Reference	Governance issue	Source	Overview of issue and actions taken (and planned) to address the issue	Leads	Timescale
1	Corporate Subject Access Requests' (SAR) performance and procedures	Internal audit report	<p>2020/21 issue</p> <p>Internal audit tested 75 subject access requests and found multiple instances of non-compliance with timescales e.g. not acknowledging receipt within 2 days; not responding within 30 days; and lack of extension letters being sent by required deadlines.</p> <p>Update 2021/22</p> <p>The Corporate Complaints Unit (CCU) became responsible for monitoring SAR performance from November 2021, leading to an increase in cases closed within deadline. The CCU will continue to monitor and review cases to continue the increase in performance. Overall SAR volumes increased from 773 to 1,076 and from 47.8% to 76.26% when compared to the previous year.</p>	Corporate SAR's team / CCU	March 22

Signed:



.....
Leader of Lambeth Council
Councillor Claire Holland



.....
Chief Executive of Lambeth Council
Bayo Dosunmu



9.

Glossary of Terms

Glossary of Terms

For the purposes of compiling the Statement of Accounts the following definitions have been adopted:

Accruals

The accruals concept means that transactions within the Comprehensive Income & Expenditure Statement are recognised as

They are earned or incurred and not as money is received or paid. For example, if an invoice relating to March 2022 is expected to arrive in April 2022, it will be accounted for in the 2021/22 accounts (the financial year it relates to), not the 2022/23 accounts (the financial year it arrives in.)

Balance sheet

This statement is fundamental to the understanding of an authority's financial position at year end. It shows:

- the balances and reserves at an authority's disposal
- long-term indebtedness (which is over one year)
- the long-term and net current assets employed in its operations
- summarised information on the long-term assets (items that are held for more than one year) by category

Capital expenditure

Expenditure on the purchase, construction improvement of significant assets including land, buildings, equipment, or even investments which will be of use or benefit in providing services for more than one financial year. Expenditure can only be treated as "Capital" if it meets the statutory definitions and is in accordance with "Proper Accounting Practices".

Collection Fund

A statutory fund used to record the billing and collection of council tax and non-domestic rates. Though it is independent of the General Fund, payments are made from it to support the General Fund services of the billing and precepting authorities (in our case, the London Borough of Lambeth and the Greater London Authority respectively) and to the national business rate pool.

Comprehensive Income and Expenditure Statement

A statement that reports the net cost for the year of all the functions for which the authority is responsible and demonstrates how that cost has been financed from general government grants and income from taxpayers. The most obvious difference from the Income and Expenditure Statement (which, under IFRS, it replaces) is that it now includes the Statement of Total Recognised Gains and Losses (STRGL).

Condition

With reference to grants, a condition typically means that the grant awarding body may ask for it back if it is not used for a stated purpose. This is not the same as

a specific grant, which is given for a specific purpose but which may legally be spent on something else if the recipient sees fit.

Grants may either be "with conditions" or "without conditions" – the nearest equivalent terms previously used were "ring fenced" and "non-ring fenced."

Contingent assets and liabilities

A contingency is a condition which exists at the balance sheet date, the outcome of which depends on one or more uncertain future events and which cannot, therefore, be reliably or accurately estimated. Contingencies in the council's favour are called contingent assets; contingencies which, if realised, would incur a cost to the council are called contingent liabilities.

Depreciation

The measure of wearing out, consuming, or other reduction in the useful economic life of a fixed asset, whether arising from use, passing of time or obsolescence. It means that, rather than the whole cost of an asset being charged to revenue in the year in which it is acquired, the cost is spread out over the life of the asset.

Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

General Fund (GF)

The account that summarises the revenue cost of providing services that are met by the council's demand on the collection fund, specific government grants and other income

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future; in particular, that the revenue accounts and balance sheet are not based on the assumption of an intention to curtail significantly the scale of operations.

Housing Revenue Account (HRA)

A statutory account that contains all expenditure and income to on the provision of council housing for rent. The HRA is ring-fenced account outside the General Fund. Local authorities are not allowed to make up deficit on the HRA from its own resources.

Matching

The matching concept says that expenditure and income transactions, including accruals, are matched with one another so far as their relationship can be established, or justifiably assumed, and dealt with in the period to which they relate.

Materiality

Financial statements often cannot be precisely accurate but that this need not detract from their ability to be fairly stated. Within certain limits, a tolerance is permitted in measurement and disclosure of financial statement items. The concept of materiality determines the acceptability of the degree of this tolerance.

Movement in Reserves statement (MIRs)

This replaces the Statement of Movement on the General Fund Balance (SMGFB), reconciling the Comprehensive Income and Expenditure Statement for the year with the authority's budget requirement, which is governed by statute and differs in certain key respects from accounting conventions.

Provisions

Amounts set aside for any liability or loss that is likely to be incurred, but where the exact amount and date is uncertain.

Prudence

The prudence concept states that revenue is not anticipated but is to be recognised only when realised in the form either of cash, or of other assets whose ultimate cash realisation can be assessed with reasonable certainty.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation or enhancement of Council Owned assets.

Reserves

Funds set aside to meet future expenditure which falls outside the definition of provisions. Reserves can be for general contingencies and to provide working balances or earmarked for specific future expenditure.

Note that certain reserves are statutory in nature – for example, the council is obliged to hold a revaluation reserve and its use is closely prescribed under the IFRS as interpreted for use in local

government. The council has no discretion in the existence or use of these reserves.

Statement of Movement on the HRA Balance

Similar to the General Fund's Movement in Reserves statement, this reconciles the HRA Income and Expenditure account for the year with 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.

Statutory provision for the financing of capital investment

Formerly known as the Minimum Revenue Provision (MRP), this is the minimum amount that must be charged to a local authority's revenue account each year and set aside to provide for debt repayment or other credit liabilities.

Substance over form

The concept of substance over form requires that transactions and other events are accounted for and represented in financial statements with regard to their economic substance and financial reality rather than just their legal form.

