

Statement of Accounts Lambeth Council

2024/25

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Zena Cooke

Corporate Director of Resources and Section 151 Officer

I am pleased to present the council's 2024/25 statement of accounts.

This foreword provides a guide to the most significant matters reported in the council's accounts. Lambeth's financial statements for 2024/25 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:

- Financial context
- The Borough Plan and our 2030 goals
- Medium Term Financial Strategy (MTFS)
- Financial Performance – 2024/25
- Explanation of the key financial statements

FINANCIAL CONTEXT

Local authorities across the country are facing unprecedented challenges around financial uncertainty. Funding reforms are pushed further away, which doesn't help with the uncertainty we face and adds to the strain caused by a decade-long reduction in government funding.

The economic aftershocks of recent events, coupled with the lingering effects of the pandemic, have put further pressure on council finances. As prices rise, real terms funding for local government continues to fall. The increase in demand for services and funding not matching this demand is forcing councils to change the way they operate to meet the challenges they encounter.

The impact of high inflation, increased demand and tight government funding settlements are placing major pressure on service budgets across the council. Across the sector, dozens of councils have been subject to intervention by the Government with widespread agreement that the drivers for this are the inflationary pressures and insufficient government funding that councils receive. The House of Commons Levelling Up, Housing and Communities Committee report into "Financial distress in local authorities" states that "the financial crisis that local authorities are encountering comes after significant reductions in local authorities' spending power which has itself coincided with increasing demand for their services and inflationary pressures driving up costs."

In Lambeth, these pressures are not only felt in relation to contract inflation and increased costs which are driving directorate overspends, but are also reflected in major demand pressures in areas like temporary accommodation and adult social care which stretch the availability of resources like properties and placements and drive significant overspends in the council's General Fund. At the same time, there is widespread recognition that the self-financing model for Housing Revenue Accounts is unsustainable due to increased regulatory burdens to improve property conditions, inflationary cost increases and the government decision to restrict rental income. This places significant pressure on the HRA in Lambeth, as the council is one of the largest council landlords in the country with an ageing stock requiring increased levels of investment. These challenges restrict investment decisions and increase the need to find budget savings in services to offset these pressures.

The cost-of-living crisis reverberates across our borough, affecting not only council finances but also the lives of residents and businesses. Vulnerable communities bear the brunt of escalating essential needs costs, making it imperative for us to act swiftly.

The 2023/24 audit of the Council's financial statements by the External Auditor led to a disclaimed opinion. Although the audit was completed by the backstop date of 28 February 2025, the opinion was disclaimed because there was insufficient time for the Auditor to complete work on the statement of accounts. The audit also resulted in a statutory recommendation being issued which included five recommendations for the Council. Responses to those recommendations have been approved by Full Council and progress updates on the detailed actions arising from them are being presented to and overseen by the Corporate Committee.

Despite these challenges, Lambeth remains resilient. Our response is rooted in the ambitions outlined in Lambeth's Borough Plan, Lambeth 2030, which sets out a bold ambition to make Lambeth a borough with social and climate justice at its heart.

NARRATIVE REPORT BY CHIEF FINANCIAL OFFICER (continued)

BOROUGH PLAN – LAMBETH 2030 - OUR FUTURE , OUR LAMBETH

Lambeth is a global destination, with strong institutions that help shape a unique cultural offer – from Waterloo and South Bank, to the vibrance of Brixton and local highstreets of Streatham and West Norwood, Lambeth has something for everyone. We are a place of sanctuary, and for hundreds of years, we have welcomed new communities who have left a lasting imprint on our borough.

We know it is this exceptional history and the contribution and kindness of the people of Lambeth that makes it so special. It is weaved throughout every neighbourhood and community and is why so many of us continue to visit, work in the borough, and have made Lambeth the place they call home. Recognising and reflecting this impact is important to us as we look to the future of Lambeth. We know that to be the best borough we can possibly be, we need to harness and nourish our assets, resources, and community energy, so that everyone in Lambeth can belong, can thrive, and so that nobody is left behind.

Doing this will not be easy and cannot be done alone. Despite all our strengths and our passion, we know a longer-term, nuanced and joined-up approach is needed to continue to tackle the economic, social and environmental challenges facing our residents, our businesses, our partners. We will continue to be ambitious – and have the courage and willingness to do things differently, in partnership, to deliver for our residents.

To address the challenges that lie ahead, we've developed our collective roadmap to 2030 – “Our Future, Our Lambeth” – a Borough Plan that unites us all.

To design the Borough Plan, we invited everyone who lives, visits, and works in Lambeth to have their say. Founded on what we were told matters to residents, the Borough Plan builds on the strengths that exist in the borough and in our communities, affirms our collective vision and ambitions and outlines how we will take forward our shared priorities, with a longer-term look to 2030 so that we can deliver sustainable change. Our Lambeth 2030 goals are: to make Lambeth neighbourhoods fit for the future, to make Lambeth one of the safest boroughs in London and to make Lambeth a place we can all call home – all underpinned by a commitment to make Lambeth a borough of equity and justice.

With bold political and civic leadership and strengthened partnerships with key institutions and local organisations, the council is working at pace to deliver these better outcomes for the people of Lambeth. Delivery against the plan is reported to Cabinet on a quarterly basis through the development of the Lambeth Outcomes Framework and associated reported key performance indicators, and delivery is taking place through a range of partnership groups and bodies including the Lambeth Strategic Partnership which was established in 2024.

More information on the Lambeth 2030 plan can be found on the council website at the following link:

<https://www.lambeth.gov.uk/better-fairer-lambeth/projects/lambeth-2030-our-future-our-lambeth>

The Medium Term Financial Strategy was agreed in March 2025 as part of the council's budget and council tax setting report. This sought to provide the financial framework for the four years from 2025/26 to 2028/29.

The main objectives of our MTFS are:

- Prioritise our resources in line with the Council's Borough Plan and priorities, to ensure we are in a position to achieve our 2030 ambitions.
- Ensure that the allocation of our financial resources and commitments are aligned to Lambeth being a Borough of Equity and Justice.
- 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 and protecting preventative services
- 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.

These objectives are at the core of our current MTFS, and we will ensure that they are upheld throughout the duration of the MTFS and beyond. Value for money and risk management are at the heart of the strategy. In respect of value for money to our taxpayers, Cabinet Members have sought to identify efficiencies and savings that do not adversely impact on service delivery where possible and have identified options to enhance value for money through improving performance and/or reducing internal costs. This is becoming increasingly difficult as the Council is facing significant financial challenges and there are a number of risks to its financial position. The Section 25 statement on the Council's budget sets these out, starting on page 26:

The most recent Funding Settlement saw an increase in funding for 2025/26, at a level higher than the assumptions made in the MTFS, and together with the latest government announcements we have some indication of the level of funding for 2026/27 and beyond. The MTFS will continue to be updated as we gain greater certainty and clarity on the level of funding which is currently subject to a Government consultation, the outcome of which is expected to be implemented from April 2026. The delivery of agreed savings is an area of significant risk, and monitoring detailed plans is critical to ensure that the risk is mitigated and that savings are delivered in full and on time. The Council considers key corporate risks via the Council's risk register, which is monitored at Management Board in addition to Corporate Committee (the Council's audit committee).

The Housing Revenue Account (HRA) has experienced significant financial pressures in recent years which has resulted in HRA reserves being reduced to minimal levels, in order to meet expenditure requirements, and the Council approaching the Government for Exceptional Financial Support (EFS). The Council received EFS in order to be able to set a balanced budget for the Housing Revenue Account (HRA) in 2025/26. This was required because revenue expenditure in the HRA is expected to exceed the available income and reserves in 2025/26, due to a number of factors, including the Government's rent policy which limited rent increases to below inflation, costs related to disrepair, the costs of maintaining an ageing stock and new unfunded regulatory burdens. EFS has taken the form of a capitalisation directive of £40m for 2025/26 which means that the Council can treat revenue expenditure as if were capital and fund it from capital receipts or borrowing rather than revenue income. This is not a sustainable solution for the HRA but allows it to remain operational in 2025/26. A more sustainable position is being developed for 2026/27 onwards with the aim of producing a sustainable 30-year business plan for the HRA.

After the end of the financial year, the Government approved the Council's request for additional Exceptional Financial Support (EFS) through a Capitalisation Direction of £50m for 2024/25, £46m for 2025/26 and £20m for 2026/27, for the GF. This approval allows the Council to treat certain costs from 2024/25 onwards as capital rather than revenue.

This support was sought because the Council faced significant financial pressures during the year. Significant service pressures in prior years, particularly in Temporary Accommodation (TA) and also in Adults & Children's Services have led to the depletion of the Council's General Fund reserves to an unacceptably low level. A significant proportion of the EFS request is to rebuild these reserves.

The approval means the Council can spread the cost over a longer period rather than having to fund it all from the respective annual budgets covering 2024-2027. The Council's intention is to fund EFS through capital receipts to avoid the long-term revenue burden of borrowing. The Council is finalising the pipeline of disposals that will generate those capital receipts over the medium term. The Council continues to work on a sustainable financial recovery plan.

Financial Performance 2024/25

The Council reported a net overspend £60.5m to Cabinet 28 July 2025, detailed in the table below. A significant part of this is a £28.4m overspend on corporately held budgets where the main overspends have related to debt financing costs and a need to increase bad debt provisions following review. Service departments overspent by £32.138m which is broken down into the following areas:

- £0.055m – Children's Families and Education & NRPF
- £35.360m – Housing Services (GF)
- (£0.412m) – Finance
- (£0.827m) – Climate and Inclusive Growth
- £2.741m – Adult Social Care
- £0.013m – Integrated Health & Care
- (£3.884m) – Resident and Enabling Services
- (£0.910m) - Communities, Governance and Change

With the EFS issued on 23 February 2026, the net position for 2024/25 has improved by £40m. Of the total £50m EFS allocated for 2024/25, £40m has been used to strengthen reserves, while the remaining £10m has been applied to increase the impairment allowance for Parking Debtors.

NARRATIVE REPORT BY CHIEF FINANCIAL OFFICER (continued)

Financial Performance by Directorate

Directorate		Annual Budget £'000	Outturn £'000	Outturn Variance £'000
Children's Services	Income	(14,768)	(17,241)	(2,473)
	Expenditure	133,224	135,835	2,611
	Net	118,456	118,594	138
Housing Services	Income	(49,992)	(54,486)	(4,494)
	Expenditure	80,429	120,283	39,854
	Net	30,437	65,797	35,360
Adult Social Care	Income	(50,183)	(81,533)	(31,350)
	Expenditure	159,396	193,487	34,091
	Net	109,213	111,954	2,741
Integrated Health & Care	Income	(55,025)	(56,705)	(1,680)
	Expenditure	57,080	58,774	1,694
	Net	2,055	2,068	13
Finance	Income	(1,024)	(2,433)	(1,409)
	Expenditure	15,803	16,800	997
	Net	14,779	14,367	(412)
No Recourse to Public Funds	Income	-	-	-
	Expenditure	2,928	2,845	(83)
	Net	2,928	2,845	(83)
Climate and Inclusive Growth	Income	(20,363)	(20,478)	(115)
	Expenditure	24,561	23,849	(712)
	Net	4,198	3,371	(827)
Chief Executive	Income	-	-	-
	Expenditure	846	849	3
	Net	846	849	3
Residents and Enabling Services	Income	(278,116)	(303,710)	(25,594)
	Expenditure	336,687	358,397	21,710
	Net	58,571	54,687	(3,884)
Communities, Governance and Change	Income	(1,532)	(7,890)	(6,358)
	Expenditure	19,925	25,373	5,448
	Net	18,393	17,483	(910)
Total	Income	(471,003)	(544,476)	(73,473)
	Expenditure	830,879	936,491	105,612
	Net	359,876	392,014	32,138
Corporate Items	Income	(415,975)	(402,575)	13,400
	Expenditure	56,099	71,053	14,954
	Net	(359,876)	(331,522)	28,354
Council Outturn		-	60,493	60,493

Dedicated Schools Grant

The £7.7m surplus brought forward has increased to a cumulative surplus of £10.7m carried forward at the end of 2024/25. There was a large underspend in Schools Block due the Falling Rolls funding within it, but which, due to its criteria, could not be used in year and will be allocated in 2025/26. There is also a large underspend in Early Years following a significant expansion in provision and funding where uptake has been lower initially. The High Needs Block overspent as forecast reducing the brought forward balance.

Dedicated Schools Grant (DSG)	23/24 B/F Balances £000's	Budget £000's	Outturn £000's	In-year Variance £000's	24/25 c/f Variance £000's
Schools Block	(918)	152,358	149,895	(2,463)	(3,381)
Central School Services Block	-	1,336	1,336	-	-
Early Years Block	(1,135)	37,041	34,523	(2,518)	(3,653)
High Needs Block	(5,639)	63,855	66,112	2,257	(3,382)
De-delegated budgets	(44)	-	(209)	(209)	(253)
				-	-
Total Expenditure	(7,736)	254,590	251,657	(2,933)	(10,669)

Housing Revenue Account

Housing Revenue Account (HRA) reported a £8.8m adverse variance. The most significant financial pressures in the HRA are the cost of disrepairs, legal costs and compensation, with the maintenance costs of an ageing housing stock and increased regulatory burdens being a feature. The HRA is required to balance overall. The variance will have to be covered from reserves.

Housing Revenue Account	Budget £'000	Outturn £'000	Variance £'000
Total Income	(212,756)	(226,560)	(13,804)
Total Expenditure	196,506	235,727	39,221
Net cost of HRA Services	(16,250)	9,167	25,417
CIES Below Cost of Services	16,250	(467)	(16,717)
(Surplus)/Deficit on the HRA	-	8,700	8,700
Below the Line - MIRS	-	(8,700)	(8,700)
(Increase)/Decrease in HRA Balances	-	-	(8,700)

Capital

Prior to EFS, the Capital budget for 2024/25 was £209.8m, with £149.6m spent in year and £60.2m will be carried forward into future years as shown in the table below. With £50m of EFS for 2024/25, the revised actual capital spend is £199.6m

The most significant variance is for budgets awaiting allocation where, theme budgets are yet to have specific schemes identified for the funding to be allocated. The most significant directorate variance is in Climate and Inclusive growth with the largest variance on the Estate and New Homes Programme where schemes are at varying stages of progression. There are also variances on Economic Infrastructure Investment and on Energy, Flood Prevention and Climate Change Response Infrastructure where schemes are expected to complete by March 2026. The underspend in Children, Families and Education mainly relates to the schools' capital programme, which is primarily funded by grant. Amounts not spent in 2024-25 will be rolled forward to fund schemes in 2025-26.

Financing the 2024/25 Capital Investment Programme (prior to EFS)

- £34.3m of grant monies (£33.1 m in 2023/24)
- £38.3m (£27.6m in 2023/24) of HRA resources (including Section 20 receipts, the Major Repairs Reserve, and other HRA reserves)
- £11.4m from capital receipts (£12.9m in 2023/24)
- £62.7m from borrowing (£105.7m in 2023/24)
- £2.5m from developers' contributions (£6.4m in 2023/24)
- £0.5m from other internal resources (£3.6m in 2023/24)
- Total: £149.6m
- £50m EFS funded from borrowing initially, to be replaced with capital receipts following asset disposals.

Directorate	2024/25 Budget £'000	2024/25 Actuals £'000	2024/25 Carry Forward £'000
Integrated Health & Care	717	717	-
Resident & Enabling Services	33,452	26,956	(6,496)
Housing Services & Adult Social Care	9,630	3,830	(5,800)
Climate and Inclusive Growth	64,482	29,097	(35,385)
Finance	14,221	9,830	(4,391)
Childrens, Families and Education	16,181	9,063	(7,118)
Housing Revenue Account (HRA)	71,161	70,155	(1,006)
Total	209,844	149,648	(60,196)

Borrowing

The council has £1.13b of borrowing as at 31 March 2025, of which £1.09b was sourced from the Government owned Public Works Loan Board. It also has borrowing of £35m from local authorities.

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 as required.

The council has previously 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.

There has been significant unplanned use of reserves again in 2024/25, largely due to overspends in the main demand led service areas of homelessness, children's services and adult social care, as well as corporate items.

The General Fund reserves and those in the Housing Revenue Account (HRA), which is ring-fenced from the General Fund, have decreased to cover in-year overspends as set out below:

Reserves	Balance as 31-March-2023 £'000	Balance as 31-March-2024 £'000	Following EFS - Balance as 31-March-2025 £'000
General Fund Balance	(44,030)	(30,000)	(45,000)
GF Earmarked Reserves	(127,311)	(105,329)	(62,647)
General Fund Total	(171,341)	(135,329)	(107,647)
HRA Balances	(8,798)	(2)	-
HRA Earmarked Reserves	(18,051)	(14,381)	(5,683)
HRA Total	(26,849)	(14,383)	(5,683)
Council Total	(198,190)	(149,712)	(113,330)

Pension Fund

The Council's share of the assets and liabilities of the Pension Fund have moved from a net liability of £139.390m to a net asset of £197.592m. This included an asset ceiling adjustment of £96.574m. It is important to understand that the net pension asset is a position taken at just one point in time. Market prices can move up as well as down in the short term and it is therefore not possible to quantify what long term effect the movement in market prices will have on the Pension Fund.

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 2025. 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 2024/25, 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 (CIES) - 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 (MiRS) - 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 council 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.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council'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 has the responsibility for the administration of those affairs. In this council, that officer is the Corporate Director, Resources (Section 151 Officer)
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the statement of accounts.

The Corporate Director Resources Responsibilities

The Corporate Director Resources (Section 151 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'). I became the Council's Section 151 Officer on 2nd December 2024.

The Statement of Accounts for 2022/23 was not finalised until in November 2024 which impacted the preparation of the 2023/24 Statement of Accounts. As part of the audit of the 2023/24 financial year, which was significantly delayed due to the national backlog of unpublished audited accounts and covers the period I was not the Council's Section 151 Officer, the external auditors gave a disclaimed opinion in accordance with the national backstop position on the Council's Accounts, qualified their opinion on the Pension Fund Accounts and concluded that it was appropriate to make written recommendations under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014 to the Council.

The 5 statutory recommendations issued on 21 February 2025 were considered and responded to by the Council on 5 March 2025. The recommendations relate to the Council's financial position and cover the financial year 2024/25, the budget for 2025/26 and the Medium-Term Financial Strategy period, the Council's reserves position and the Council's progress on the financial implications of bringing Homes for Lambeth activities into the Council.

In response, I instigated a series of actions to address the 5 recommendations and have reported progress on these at every meeting of the Council's Corporate Committee. The publication of the 2023/24 Statement of Accounts by the 28 February 2025 back-stop date inevitably impacted the preparation of the 2024/25 Statement of Accounts. The decision to publish the draft 2024/25 Statement of Accounts on 30 June 2025 and 16 July 2025 was taken due to the confidence held in the key financial information relating to expenditure, income, assets and liabilities that form the basis of the financial statements. Due to the financially challenging position of the Council, it is vital that information on income, expenditure and reserves is made public and can be the subject of external scrutiny. Following initial feedback from the Council's External Auditors, a review of the compilation of the Statement of Accounts for 2024/25 has been undertaken which has resulted in reclassification of some areas, updates to notes to supplement the information in the main statements and the addition of new notes to enhance the financial information available to residents. An updated draft 2024/25 Statement of Accounts was re-published on 28 November 2025. The main changes to the primary statements relate to the reclassification of income and expenditure within the Comprehensive Income and Expenditure Statement, along with movements in Other Comprehensive Income and Expenditure which in turn have affected the unusable reserves. However, despite these material adjustments to the primary statements the overall net impact on the Council's CIES and usable reserves has been minimal.

The Group Accounts in particular have been the subject of detailed review, including the valuation of stock held by Homes for Lambeth which has been revised to ensure that it is compliant with the CIPFA code. This has resulted in a significant increase in net assets recognised in the Group Accounts, resulting from asset valuation changes, accounting policy alignment and intercompany adjustments (elimination). The improvements to the financial information provided do not fundamentally change the key information relating to the overall revenue position of the Council, and as such they can be reviewed as part of the audit. To provide transparency to residents and other stakeholders in relation to those improvements, the Statement of Accounts was re-published for a further period of public inspection. The draft Accounts were subject to a limited external audit and subsequently approved by Corporate Committee on 4 February 2025.

On 23 February 2025 the Council received confirmation from Government it had been successful in its application for £116m of Exceptional Financial Support (EFS) as part of its journey towards financial sustainability. £50m of the EFS application relates to the 2024/25 financial year to rebuild reserves and strengthen the Council's balance sheet. The Statement of Accounts for 2024-25 reflects the EFS in its core statements and supporting notes.

Based on the detailed work undertaken since my appointment in December 2024, the statement of accounts for 2024/25 have been updated with material transactions and balances either confirmed or restated as necessary. Whilst I cannot comment on the quality of the financial processes in operation prior to my appointment, I am satisfied that sufficient evidence has been obtained to support the overall Balance Sheet, the Comprehensive Income and Expenditure Statement and the overall year-end position on balances and reserves.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS (continued)

In preparing this statement of accounts, I have, as the Corporate Director Resources :

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

As the Corporate Director Resources I have also:

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

Confirmation of the Corporate Director of Resources

I confirm, in the context of the above, that the Statement of Accounts presents a true and fair view of the financial position of the London Borough of Lambeth at 31 March 2025, including its income and expenditure, and of the London Borough of Lambeth Pension Fund for the year ended 31 March 2025



Zena Cooke

Corporate Director of Resources
Section 151 Officer
London Borough of Lambeth

27 February 2026

Date

Approval of the Statement of Accounts

I confirm 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 Rebecca Spencer
Chair – Corporate Committee

04 February 2026

Date

SECTION – 3

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

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Report on the audit of the financial statements

Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of London Borough of Lambeth Council ("the Council") and its subsidiaries ('the Group') for the year ended 31 March 2025, which comprise the Council and Group Comprehensive Income and Expenditure Statement, the Council and Group Movement in Reserves Statement, the Council and Group Balance Sheet, the Council and Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund 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 2024/25.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations specify the date by which the Council is required to publish its Accountability Statements, which include the financial statements and the auditor's opinion, for each financial year. The Council is required to publish its Accountability Statements for the year ended 31 March 2025, by 27 February 2026 ('the 2026 backstop date').

On 28 February 2025, we issued a disclaimer of opinion in relation to the financial statements for the year ended 31 March 2024 as there was insufficient time to perform all necessary audit procedures to obtain sufficient appropriate evidence upon which to form an opinion before the relevant backstop date specified in the Amendment Regulations.

The National Audit Office issued guidance to auditors on rebuilding assurance following backstop-related disclaimers of opinion through Local Audit Reset and Recovery Implementation Guidance 06 ("LARRIG 06") in June 2025. We have had regard to LARRIG 06 and other relevant guidance and determined that there is not sufficient time to carry out the procedures we deem necessary to rebuild assurance. Furthermore, we have determined that there is not sufficient time to carry out the procedures we deem necessary to obtain assurance over the current year figures for the year ended 31 March 2025. As a result, we are not able to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements for the year ended 31 March 2025 before the 2026 backstop date.

Responsibilities of the Corporate Director of Resources for the financial statements

As explained more fully in the Statement of the Corporate Director of Resources' responsibilities, Corporate Director of Resources 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 2024/25, and for being satisfied that they give a true and fair view. The Corporate Director of Resources is also responsible for such internal control as the Corporate Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Corporate Director of Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 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 Corporate Director of Resources 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 responsibility is to conduct an audit of the Council's and Group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

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.

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 2025.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weaknesses in the Council's arrangements for the year ended 31 March 2025:

Significant weakness in arrangements	Recommendation
<p><u>Governance</u></p> <p>The Head of Internal Audit issued a limited assurance opinion over the Council's governance, risk management, and internal control arrangements in place during 2024/25. Review of the limited assurance opinions highlights that most have been issued due to officers failing to comply with reasonably designed systems of control. The report highlights that officers are failing to implement medium and high priority actions within agreed timeframes. We consider the findings to be evidence of a significant weakness in the Council's arrangements for governance, specifically monitoring and assessing risk and ensuring the effective operation of internal controls.</p>	<ol style="list-style-type: none"> 1.The Council should take immediate action to implement the outstanding 2024/25 Internal Audit recommendations and put in place arrangements to monitor the implementation of future Internal Audit recommendations. 2.The Council should ensure officers are trained on the importance of adhering to established systems of internal control.
<p><u>Governance</u></p> <p>The Council has faced significant challenges in preparing its draft Statement of Accounts for 2024/25. The first draft, published on 30th June 2025 omitted an Annual Governance Statement and Pension Fund financial statements. The second version published on 16th July 2025 contained incomplete notes, casting errors, internal inconsistency, and indicators of technical errors. The Council has published a final, materially different draft in November 2025.</p> <p>In addition, we also identified that the basis for the Council's budget monitoring for 2024/25 was not ensuring a complete picture of the Council's financial position, and that the Medium Term Financial Plan approved in February 2025 did not include all key pressures. We consider the findings to be evidence of a significant weakness in the Council's arrangements for governance, specifically ensuring appropriate processes and systems are in place to support budgetary control and support its statutory financial reporting requirements and how the Council approaches and carries out its annual budget setting process.</p>	<p>The Council should review and improve its accounts preparation, financial monitoring and budgeting setting processes to ensure they are appropriate to support timely and accurate financial reporting.</p>

In February 2025, we identified a significant weakness in relation financial sustainability for the year ended 31 March 2024. In November 2024, we identified a significant weakness in relation to financial sustainability for the year ended 31 March 2023. In December 2023, we identified a significant weakness in relation to governance and arrangements for improving economy, efficiency and effectiveness for the year ended 31 March 2022. In our view, these significant weaknesses remained for the year ended 31 March 2025:

Significant weakness in arrangements - issued in a previous year	Recommendation
<p><u>Financial sustainability</u></p> <p>The Council has failed to budget for demand pressure in relation to temporary accommodation despite prior year overspends and knowledge of demand pressures owing to the cost-of-living crisis. There is also evidence that the Council is budgeting for savings it has previously failed to realise and therefore may not be achievable. In our view this is evidence of a significant weakness in relation to financial sustainability, specifically in how the Council plans to bridge its funding gaps and identifies achievable savings and how the body identifies and manages risks to financial resilience.</p>	<p>The Council should ensure financial plans build in suitable growth based on prior experience and savings that are achievable. Any savings previously unrealised should be assessed for future achievability before inclusion in subsequent budgets.</p>
<p><u>Financial sustainability</u></p> <p>The Council's general fund balance at 31st March 2023 was £0.8 million and between 2023/24 to 2026/27 the Council has budgeted to replenish its balances by £0.5 million annually, aiming to achieve a general fund position of £2 million by 2026/27. This compares to a base budget of over £400 million. The Council has been relying on reserves to meet the costs of services but cannot continue to do so as the general fund is no longer sufficient, with no plan for its future replenishment.</p>	<p>The Council should take urgent steps to improve its financial resilience through replenishing its general fund balance to an appropriate level, and by setting an achievable programme of savings and determining how it can transform the way services are delivered.</p>
<p><u>Governance and improving economy, efficiency and effectiveness</u></p> <p>In November 2022 the 'Kerslake review of affordable housing in Lambeth' was published. The report identified underperformance of the Council's wholly-owned subsidiary company, Homes for Lambeth, which in our view is evidence of a significant weakness in the council's arrangements for governance and improving economy, efficiency and effectiveness.</p>	<p>The Council should put in place robust arrangements to monitor the implementation of the action plan in response to the recommendations raised by the Kerslake review. This should include ensuring that the actions have an appropriate and sustainable impact on its affordable housing strategy.</p>

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Council's 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, and to report where we have not been able to satisfy ourselves that it has done so. 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 November 2024.

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 are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

Use of the audit report

This report is made solely to the members of London Borough of Lambeth Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and 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:

- received confirmation from the NAO that the group audit of the Whole of Government Accounts has been completed and that no further work is required to be completed by us
- completed our work on objections raised in relation to the Council's financial statements for the years ended 31 March 2025 and 31 March 2024 (accordingly, we are also yet to issue the certificate for the year ended 31 March 2024)

Suresh Patel

Suresh Patel

Key Audit Partner

For and on behalf of Forvis Mazars LLP

30, Old Bailey
London
EC4M 7AU

27 February 2026

Report on the audit of the financial statements

Disclaimer of opinion on the financial statements of London Borough of Lambeth Pension Fund

We were appointed to audit the financial statements of London Borough of Lambeth Pension Fund ('the Pension Fund') for the year ended 31 March 2025, which comprise the Fund Account, the Net Assets Statement and notes to the financial statements, including a summary of material accounting policy information.

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 2024/25.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the Pension Fund's financial statements, and auditor's opinion for the year ended 31 March 2025, by 27 February 2026 ('the backstop date').

We issued a qualified opinion on the Pension Fund's financial statements for the year ended 31 March 2024 on 28 February 2025 as we were unable to obtain sufficient appropriate audit evidence over sundry debtors of £53.122m included as part of current assets, and sundry creditors of £14.144m, in advance of the 2024 backstop date. We have been unable to obtain assurance over these balances as part of this year's audit.

Management has not been able to provide sufficient appropriate evidence prior to the backstop date to enable us to complete planned procedures to confirm the completeness of sundry debtors of nil (included as part of current assets of £33.549m) and the completeness and existence of current liabilities of £1.347m as at 31 March 2025. In addition, the cash balance (£33.549m) as at 31 March 2025 reported as part of current assets in the Net Assets Statement, as analysed in Note 20, includes £5.358m which we have been unable to trace to appropriate supporting evidence.

Taken together, our inability to obtain sufficient assurance concerning the existence and completeness of current assets and current liabilities as at 31 March 2024 and 31 March 2025 means we do not have sufficient appropriate evidence over the completeness of transactions reported in the Fund Account.

We have issued a disclaimer of opinion as a result of:

- the potentially material and pervasive effect of adjustments to the financial statements that might be necessary as a consequence of the matters described above; and
- the backstop date impeding our ability to complete the procedures necessary to determine whether material adjustments to the financial statements are required.

Responsibilities of the Corporate Director of Resources for the financial statements

As explained more fully in the Statement of the Corporate Director of Resources Responsibilities, the Corporate Director of Resources 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 2023/24, and for being satisfied that they give a true and fair view. The Corporate Director of Resources is also responsible for such internal control as the Corporate Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Corporate Director of Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 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 Corporate Director of Resources 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 responsibility is to conduct our audit in accordance with International Standards on Auditing (UK), the Code of Audit Practice, the Local Audit and Accountability Act 2014 and applicable law, and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

INDEPENDENT AUDITOR'S REPORT TO LONDON BOROUGH OF LAMBETH PENSION FUND (continued)

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.

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.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

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

Suresh Patel

Key Audit Partner

For and on behalf of Forvis Mazars LLP

30, Old Bailey
London
EC4M 7AU

27 February 2026

SECTION – 4

GROUP AND SINGLE ENTITY FINANCIAL STATEMENTS

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COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

* Restated 2023/24				2024/25			Note
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
183,361	(65,844)	117,517	Adult Social Care	195,049	(110,248)	84,801	
454,007	(321,986)	132,021	Children's Services	472,716	(359,227)	113,489	
5,566	(159)	5,407	Chief Executive	849	-	849	
18,983	(14,912)	4,071	Climate & Inclusive Growth	40,021	(23,738)	16,283	
-	-	-	Communities, Governance and Change*	26,599	(8,590)	18,009	
16,195	(4,049)	12,146	Corporate Items	7,218	(187)	7,031	
50,942	(24,313)	26,629	Finance	12,145	(2,321)	9,824	
85,980	(49,180)	36,800	Housing Services	119,062	(54,486)	64,576	
226,409	(209,218)	17,191	Housing Revenue Account	233,685	(227,195)	6,490	
62,469	(59,775)	2,694	Integrated Health & Care	58,774	(56,705)	2,069	
352,634	(284,171)	68,463	Resident & Enabling Services	381,688	(306,097)	75,591	
1,456,546	(1,033,607)	422,939	Cost of Services	1,547,806	(1,148,794)	399,012	
3,220	-	3,220	Levies	3,576	-	3,576	
697	-	697	Payments to the Government Housing Capital Receipts Pool	-	-	-	
-	(6,293)	(6,293)	(Gains)/losses on the Disposal of Non-Current Assets	-	(17,584)	(17,584)	
26	-	26	Other Expenditure	27	-	27	
3,943	(6,293)	(2,350)	Other Operating (Income)/Expenditure	3,603	(17,584)	(13,981)	
44,172	-	44,172	Interest Payable and Similar Charges	50,953	-	50,953	31c
3,254	-	3,254	Net interest on the Net Pensions Liability	6,341	-	6,341	42b & e
-	(3,817)	(3,817)	Investment Interest Income	-	(3,381)	(3,381)	8
6,999	-	6,999	Impairments on Receivables	67,091	-	67,091	31c
1,085	-	1,085	Impairment Losses / (Gains) on Investments	-	(1,146)	(1,146)	8
55,510	(3,817)	51,693	Financing and investment income and expenditure	124,385	(4,527)	119,858	
-	(409,161)	(409,161)	Taxation and non-specific grant income and expenditure	-	(402,458)	(402,458)	11
1,515,999	(1,452,878)	63,121	(Surplus)/deficit on provision of services	1,675,794	(1,573,363)	102,431	
		86,857	Loss / (Gain) on revaluation of non-current assets			(4,538)	22
		35,010	Remeasurement of the Net Defined Benefit Liability			(328,700)	22 & 42e
		121,867	Other Comprehensive income and expenditure			(333,238)	
		184,988	Total Net Comprehensive expenditure / (income)			(230,807)	

Gross Expenditure	Gross Income	Net Expenditure	
(6,945)	6,527	(418)	Adults & Health
(3,684)	159	(3,525)	Chief Executive
(15,590)	886	(14,704)	Finance
26,219	(7,572)	18,647	Communities, Governance and Change*

* In the 2024/25, the Council restructured and consolidated cost centres into a newly established department - Communities, Governance, and Change (CGC). For clarity, the table on the left illustrates the income and expenditure movements of cost centres for the 2023/24 year. The total movement constitutes the comparators for CGC.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

* Restated 2023/24				2024/25			Note
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
183,361	(65,844)	117,517	Adult Social Care	195,049	(110,248)	84,801	
454,007	(321,986)	132,021	Children's Services	472,716	(359,227)	113,489	
5,566	(159)	5,407	Chief Executive	849	-	849	
18,983	(11,347)	7,636	Climate & Inclusive Growth	36,821	(23,434)	13,387	
-	-	-	Communities, Governance and Change	26,599	(8,590)	18,009	
16,195	(6,040)	10,155	Corporate Items	7,218	(187)	7,031	
50,942	(24,313)	26,629	Finance and Governance	12,145	(2,321)	9,824	
85,980	(49,180)	36,800	Housing Services	119,062	(54,486)	64,576	
225,715	(207,960)	17,755	Housing Revenue Account	233,685	(225,563)	8,122	
62,469	(59,775)	2,694	Integrated Health & Care	58,774	(56,705)	2,069	
352,634	(284,171)	68,463	Resident & Enabling Services	381,688	(306,097)	75,591	
11,159	(2,659)	8,500	HFL Group	4,460	(8,884)	(4,424)	
1,467,011	(1,033,434)	433,577	Cost of Services	1,549,066	(1,155,742)	393,324	
3,220	-	3,220	Levies	3,576	-	3,576	
697	-	697	Payments to the Government Housing Capital Receipts Pool	-	-	-	
-	(6,293)	(6,293)	(Gains)/losses on the Disposal of Non-Current Assets	-	(17,584)	(17,584)	
26	-	26	Other Expenditure	27	-	27	
3,943	(6,293)	(2,350)	Other Operating (Income)/Expenditure	3,603	(17,584)	(13,981)	
44,255	-	44,255	Interest Payable and Similar Charges	52,670	-	52,670	31c
3,254	-	3,254	Net Interest on the Net Pensions Liability	6,341	-	6,341	42b & e
-	(974)	(974)	Investment Interest Income	-	-	-	
6,999	-	6,999	Impairments on Receivables	30,729	-	30,729	
1,085	-	1,085	Impairment Losses / (Gains) on Investments	-	(1,147)	(1,147)	8
55,593	(974)	54,619	Financing and investment income and expenditure	89,740	(1,147)	88,593	
-	(412,357)	(412,357)	Taxation and non-specific grant income and expenditure	-	(399,258)	(399,258)	11
1,526,547	(1,453,058)	73,489	Group (Surplus)/deficit on provision of services	1,642,409	(1,573,731)	68,678	
		82,607	Loss / (Gain) on revaluation of non-current assets			(21,233)	22a
		35,010	Remeasurement of the Net Defined Benefit Liability			(328,700)	22 & 42e
		117,617	Other Comprehensive income and expenditure			(349,933)	
		191,106	Total Net Comprehensive expenditure / (income)			(281,255)	

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 Companies 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.

MOVEMENT IN RESERVES STATEMENT

The **Movement in Reserves** 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 council, 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 council'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.

2024/25	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves	Note
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2024 brought forward	(151,791)	(14,383)	(40,114)	(6,800)	(49,274)	(262,362)	(2,686,064)	(2,948,426)	
Total Net Comprehensive expenditure / (income)	92,687	9,744	-	-	-	102,431	(333,238)	(230,807)	
Adjustments between accounting basis and funding basis	(58,387)	(1,708)	(10,853)	6,800	(1,082)	(65,230)	65,230	-	21
(Increase) or decrease in 2024/25	34,300	8,036	(10,853)	6,800	(1,082)	37,201	(268,008)	(230,807)	
Balance at 31 March 2025	(117,491)	(6,347)	(50,967)	-	(50,356)	(225,161)	(2,954,072)	(3,179,233)	
GF and HRA Balance analysed over									
Earmarked reserves (Note 24)	(62,647)	(6,347)							
LMS (Schools) Balance (Note 23b)	(9,844)								
Balances not earmarked (Note 24)	(45,000)								
Balance 31 March 2025	(117,491)	(6,347)							

2023/24	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves	Note
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 01 April 2023 brought forward	(188,569)	(26,848)	(42,678)	-	(54,135)	(312,230)	(2,821,184)	(3,133,414)	
Total Net Comprehensive expenditure / (income)	39,292	23,829	-	-	-	63,121	121,867	184,988	
Adjustments between accounting basis and funding basis	(2,514)	(11,364)	2,564	(6,800)	4,861	(13,253)	13,253	-	21
(Increase)/Decrease in 2023/24	36,778	12,465	2,564	(6,800)	4,861	49,868	135,120	184,988	
Balance at 31 March 2024	(151,791)	(14,383)	(40,114)	(6,800)	(49,274)	(262,362)	(2,686,064)	(2,948,426)	
GF and HRA Balance analysed over									
Earmarked reserves (Note 24)	(105,329)	(14,381)							
LMS (Schools) Balance (Note 23b)	(16,462)								
Balances not earmarked (Note 24)	(30,000)	(2)							
Balance 31 March 2024	(151,791)	(14,383)							

GROUP MOVEMENT IN RESERVES STATEMENT

2024/25	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve (Capital)	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves	Subsidiary Reserves – HFL*	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024 brought forward	(151,791)	(14,382)	(40,116)	(6,800)	(49,273)	(262,362)	(2,752,015)	(3,014,377)	56,469	(2,957,908)
Total Net Comprehensive expenditure / (income)	61,449	11,375	-	-	-	72,824	(349,933)	(277,109)	(4,146)	(281,255)
Adjustments between group accounts and council accounts	31,238	(1,632)	-	-	-	29,606	(35,867)	(6,261)	6,261	-
Net increase or decrease before transfers	92,687	9,743	-	-	-	102,430	(385,800)	(283,370)	2,115	(281,255)
Adjustments between accounting basis & funding basis under regulations	(58,387)	(1,708)	(10,853)	6,800	(1,082)	(65,230)	65,230	-	-	-
(Increase)/Decrease in 2024/25	34,300	8,035	(10,853)	6,800	(1,082)	37,200	(320,570)	(283,370)	2,115	(281,255)
Balance at 31 March 2025 carried forward	(117,491)	(6,347)	(50,969)	-	(50,355)	(225,162)	(3,072,585)	(3,297,747)	58,584	(3,239,163)
GF and HRA Balance analysed over										
Earmarked reserves	(62,647)	(6,347)								
LMS (Schools) Balance	(9,844)	-								
Balances not earmarked	(45,000)	-								
Balance at 31 March 2025	(117,491)	(6,347)								

* Restated 2023/24	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve (Capital)	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves	Subsidiary Reserves – HFL	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023 brought forward	(188,569)	(26,847)	(42,680)	-	(54,134)	(312,230)	(2,880,045)	(3,192,275)	43,261	(3,149,014)
Total Net Comprehensive expenditure / (income)	44,893	24,393	-	-	-	69,286	117,617	186,903	4,203	191,106
Adjustments between group accounts and council accounts	(5,601)	(564)	-	-	-	(6,165)	(2,840)	(9,005)	9,005	-
Net increase or decrease before transfers	39,292	23,829	-	-	-	63,121	114,777	177,898	13,208	191,106
Adjustments between accounting basis & funding basis under regulations	(2,514)	(11,364)	2,564	(6,800)	4,861	(13,253)	13,253	-	-	-
(Increase)/Decrease in 2023/24	36,778	12,465	2,564	(6,800)	4,861	49,868	128,030	177,898	13,208	191,106
Balance at 31 March 2024 carried forward	(151,791)	(14,382)	(40,116)	(6,800)	(49,273)	(262,362)	(2,752,015)	(3,014,377)	56,469	(2,957,908)
GF and HRA Balance analysed over										
Earmarked reserves	(105,329)	(14,380)								
LMS (Schools) Balance	(16,462)									
Balances not earmarked	(30,000)	(2)								
Balance at 31 March 2024	(151,791)	(14,382)								

*Restated as per Prior Period Adjustment, Note 49a & b

GROUP AND SINGLE ENTITY BALANCE SHEET

The **Group and Single Entity 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.

Council	Group	Council	Group		Council	Group	
* Restated 01-April-2023	* Restated 01-April-2023	* Restated 31-March-2024	* Restated 31-March-2024		31-March-2025	31-March-2025	
£'000	£'000	£'000	£'000		£'000	£'000	Note
4,124,633	4,192,225	4,067,330	4,147,412	Property, Plant and Equipment	4,052,780	4,157,835	25b,26
2,549	2,549	2,595	2,595	Heritage Assets	2,680	2,680	28a
-	-	-	-	Right of Use Assets	44,506	44,506	25c
6,016	6,091	6,889	7,009	Intangible Assets	5,124	5,124	27
28,641	28,641	27,556	27,013	Long-term Investments	28,702	28,702	31a
46,141	101	64,737	1,609	Long-term Debtors	45,027	3,113	32a
-	-	-	-	Net Defined Benefit Pension Scheme assets	197,592	197,592	42b
4,207,980	4,229,607	4,169,107	4,185,638	Total Long-term Assets	4,376,411	4,439,552	
-	-	2,267	2,267	Assets Held for Sale (within one year)	1,925	1,925	28b
77	116	62	62	Inventories	64	83	
203,895	200,136	244,906	238,465	Short term debtors	242,628	240,538	32b
30,468	30,468	11,381	11,381	Short Term Investments	-	-	31a
20,118	24,345	7,493	12,643	Cash and Cash Equivalents	44,453	49,987	47
254,558	255,065	266,109	264,818	Current Assets	289,070	292,533	
(63,985)	(63,985)	(144,101)	(144,101)	Short-term Borrowing	(177,533)	(177,533)	31a
(174,916)	(176,814)	(188,742)	(197,698)	Short-term Creditors	(142,679)	(144,566)	33b
(35,180)	(35,180)	(17,758)	(17,758)	Short-term Provisions	(11,707)	(11,707)	39
(26,810)	(26,810)	(27,894)	(27,894)	Grants Receipts in Advance – Revenue	(20,930)	(20,930)	34
(54,891)	(54,891)	(77,102)	(77,102)	Grants Receipts in Advance – Capital	(53,682)	(53,683)	36
(355,782)	(357,680)	(455,597)	(464,553)	Current Liabilities	(406,531)	(408,419)	
(76,099)	(75,742)	(70,699)	(70,538)	Long Term Creditors	(69,045)	(69,045)	31a
(6,814)	(6,814)	(6,814)	(6,814)	Provisions	(9,181)	(9,181)	39
(746,255)	(748,062)	(801,956)	(798,919)	Long Term Borrowing	(962,696)	(964,282)	31a
(116,323)	(116,323)	(139,390)	(139,390)	Net Defined Benefit Pension Scheme liabilities	-	-	42b
(27,851)	(31,037)	(12,334)	(12,334)	Grants Receipts in Advance - Capital	(38,795)	(41,995)	36
(973,342)	(977,978)	(1,031,193)	(1,027,995)	Long-term Liabilities	(1,079,717)	(1,084,503)	
3,133,414	3,149,014	2,948,426	2,957,908	Net Assets	3,179,233	3,239,163	
(312,230)	(312,230)	(262,362)	(262,362)	Total Usable Reserves	(225,161)	(225,162)	23a
(2,821,184)	(2,880,045)	(2,686,064)	(2,752,015)	Total Unusable Reserves	(2,954,072)	(3,072,585)	22
(3,133,414)	(3,192,275)	(2,948,426)	(3,014,377)	Total Council Reserves	(3,179,233)	(3,297,747)	
-	43,261	-	56,469	HFL Reserves	-	58,584	
(3,133,414)	(3,149,014)	(2,948,426)	(2,957,908)	Total Reserves	(3,179,233)	(3,239,163)	

*Restated as per Prior Period Adjustment, Note 49a & b

Disclosure notes relating to Group balances are presented only in cases where they are materially different from the Council balances.

GROUP AND SINGLE ENTITY BALANCE SHEET (continued)

Confirmation by the Corporate Director of Resources

I confirm that the statement of accounts gives a true and fair view of the financial position of the Council as at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.



Zena Cooke

Corporate Director of Resources

London Borough of Lambeth

27 February 2026

Date

GROUP AND SINGLE ENTITY CASH FLOW STATEMENT

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

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

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.

Council	Group		Council	Group	
* Restated 2023/24	* Restated 2023/24		2024/25	2024/25	
£'000	£'000		£'000	£'000	Note
63,121	73,488	Net (surplus) or deficit on the provision of services	102,431	68,678	
(60,651)	(53,869)	<i>Adjust net surplus or deficit on the provision of services for non-cash movements</i>	(68,660)	(42,400)	46a
(50,060)	(50,060)	<i>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</i>	61,096	61,096	46a
(47,590)	(30,441)	Net Cash Flows from Operating Activities	94,867	87,374	
188,712	170,641	Investing Activities	57,555	64,664	44
(128,497)	(128,498)	Financing Activities	(189,382)	(189,382)	45
12,625	11,702	Net (increase) or decrease in cash and cash equivalents	(36,960)	(37,344)	
20,118	24,345	Cash and cash equivalents at the beginning of the reporting period	7,493	12,643	
7,493	12,643	Cash and cash equivalents at the end of the reporting period	44,453	49,987	

*Restated as per Prior Period Adjustment, Note 49a & b

Notes to the Accounts (GENERAL)

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Notes to the Accounts (General)

STATEMENT OF ACCOUNTING POLICIES

Note 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 2024/25, these proper accounting practices principally comprise:

- The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (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 on the assumption that the council's functions and services will continue to operate for the foreseeable future; even if facing a situation that might challenge this assumption, the Code of Practice dictates that it would not be appropriate for local authority financial statements to be prepared on anything other than a going concern basis as central government would, if required, be able to make alternative arrangements for the continued provision of local services.

The accounts for HfL companies have not been compiled on a going concern basis because the companies do not meet the definition of 'going concern' which includes an assumption of continuing in business. The assets and liabilities of the companies have been reviewed at carrying value without further adjustment and the accounts have been compiled in accordance to applicable laws and accounting standards.

The Group accounts have been prepared on going concern basis, as the status of the HFL companies does not have an impact on the council preparing the group accounts on a going concern 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 council 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.

Note 1: Statement of Accounting Policies (continued)

a. Basis of Preparation (continued)

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 & Right-of-Use Assets.	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.
Property, Plant and Equipment: Surplus Assets	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 value <ul style="list-style-type: none"> • quoted securities – current bid price • unquoted securities – professional estimate • unitised securities – current bid price • property – market value.

Note 1: Statement of Accounting Policies (continued)

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 council in accordance with statutory guidance.	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	Annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the council in accordance with statutory guidance.	Capital Adjustment Account
Investment Properties	Movements in fair value	Annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the council in accordance with statutory guidance.	Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in 2024/25	Annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the council in accordance with statutory guidance.	Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in 2024/25 or were received in 2024/25 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 2025) 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)

Note 1: Statement of Accounting Policies (continued)

b. Adjustments Between Accounting Basis and Funding Basis (continued)

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Financial Instruments	Premiums payable and discounts receivable on the early repayment of borrowing in 2024/25.	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 2024/25.	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 2024/25..	Pensions Reserve
Council Tax	Accrued income from 2024/25 bills	Demand on the Collection Fund for 2024/25 plus recovery of the estimated deficit or share of estimated surplus for 2023/24.	Collection Fund Adjustment Account
Business Rates	Accrued income from 2024/25 bills	Precept from the Collection Fund for 2024/25	Collection Fund Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2025.	No charge	Accumulated Absences Adjustment Account
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

Note 1: Statement of Accounting Policies (continued)

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.

Notes to the Accounts (General) (continued)

Note 1: Statement of Accounting Policies (continued)

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

Note 1: Statement of Accounting Policies (continued)

g. Leases

IFRS 16 was issued by the International Accounting Standards Board (IASB) in 2016 to replace IAS 17. The main impact of the new standard is to remove (for lessees) the distinction between finance leases and operating leases. IFRS16 requires all substantial leases to be accounted for using the acquisition approach, recognising both the value of the rights acquired from the use of an asset, and all future liabilities arising from the arrangement. This effectively means that for all substantial leases the lessee must account for them as an acquisition.

It was originally intended that IFRS16 would be adopted by local government in the 2020/21 financial year. However, due partly to the delay by central government in adopting the standard itself, and due partly to concerns about the readiness of the sector, implementation was deferred to the 2024/25 financial year.

IFRS 16 requires all lessee leases (with two exemptions noted below) to be accounted for differently, recognising the rights to use an asset i.e. accounted for as though the Council had purchased the asset. These changes to IFRS16 do not apply where the Council is acting as the lessor.

From 2024/25, the amount of annual lease payments will be split between an interest element and the principal element. Our proposed approach to determining the initial value of the asset will be to use the 'cost model' which in effect equates the value of the leased asset as the sum of the principal repayments within the lease contract. This approach works for all assets except where assets are leased for a concessionary or nil consideration. Where leases are provided at a concessionary rate (e.g. peppercorn) or nil consideration this approach would result in an understatement of the value of the asset. Consequently, assets from such arrangements will need to be recognised at Fair Value, but with no associated liability. In essence they will be treated as donated assets. These valuations will be undertaken as part of the Council's independent asset valuation contract.

After the initial recognition of leased assets on the Council's balance sheet the assets will be revalued and accounted for in accordance with the Council's current valuation policies for property, plant, and equipment assets.

There are two exemptions for lessees from applying this standard. These are:

- Short term leases and;
- Leases where the value of the asset that the lease relates to is low.

The definitions we propose to apply when using these exemptions are:

- Short term leases will be defined as those with a lease term of twelve months or less at the date of their initial recognition and;
- Leases where the value of the asset that the lease relates to is low will be defined as those where the value of the asset is less than £10,000 when new.

Exempt leases will continue to be accounted for as operating leases.

As part of our current accounting policies, we make an annual charge to revenue for the use of assets through our depreciation policy. Our depreciation policy is that assets are depreciated on a straight-line basis over their useful life, with a full year's depreciation beginning the year after their initial recognition on the balance sheet. These proposals do not change this policy other than the requirement within IFRS16 to depreciate leased assets on a straight-line basis using the lower of the remaining useful life of the asset or the remaining years on the lease liability.

The introduction of increased numbers of former finance leases onto the balance sheet will increase the level of capital spend to be financed i.e., the Capital Financing Requirement (CFR). Without any other change this would increase the Minimum Revenue Provision (MRP) set aside as part of annual budget setting to repay debt. However, the Council is already making lease rental payments for these assets and therefore an adjustment will be made to avoid budgets having to be set aside to fund the assets twice. The adjustment will be equal to the principal element of the lease payment so providing for a "net nil" effect on the revenue budget.

Note 1: Statement of Accounting Policies (continued)

g. Leases (continued)

The proposed accounting policy in respect of leases under IFRS16 that will be in place for the 2024/25 accounts is as follows:

Under IFRS 16, leases are a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration with the right to use the asset and the associated liability being recognised on the balance sheet and accounted for as right of use assets

The definition above has been adapted slightly in the CIPFA Code to remove the wording 'in exchange for consideration'. This adaptation removes the requirement for any financial consideration to be made in return for the right to use the asset so IFRS16 will apply to those arrangements which contain the right to use an asset but where there are no payments made in return. This has the potential to bring arrangements into the scope of IFRS16 that previously have not appeared anywhere in our accounts.

Measurement

For the majority of leased assets, we will use the 'cost model' to determine the initial value, which equates the value of the leased asset to the sum of the principal repayments within the lease contract. The exception is where leases are provided at a concessionary or nil rate. Assets from such arrangements will be recognised at Fair Value, but with little or no associated liability.

After the initial recognition of leased assets on the Council's balance sheet the assets will be revalued and accounted for in accordance with the approach set out in our accounting policy for Property, Plant and Equipment.

Lessee Leases

We deal with leases where we are the lessee in the same way as other capital spending. We include these as assets in the Balance Sheet and charge depreciation on them. Rentals are apportioned between a charge for the acquisition of the asset (recognised as a liability in the Balance Sheet at the start of the lease and written down annually as rent becomes payable) and a finance charge made each year to the CIES. There are two exceptions to the requirement to treat all leases where we are the lessee as finance leases, these are:

- Short term leases; defined as those with a lease term of twelve months or less at the date of their initial recognition and;
- Leases where the value of the asset when new is less than £10,000.

Operating leases

Lease rental payments (as lessee) are charged evenly to the CIES over the life of the lease.

Where we grant an operating lease (as lessor) over a property or item of plant or equipment, the asset is retained on the Balance Sheet and the rental income is credited to the CIES as it is due.

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 Finance and Investment directorate in accordance with the council's arrangements for accountability and financial performance.

Note 1: Statement of Accounting Policies (continued)

i. Post-Employment Benefits

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

- The NHS Pension Scheme, administered by NHS Business Services Agency (NHSBSA).
- 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.

When the balance is an asset it becomes subject to an asset ceiling. IAS 19 allows for an asset ceiling which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. It is considered unlikely that the Council will be in a position to reach the asset ceiling; where this does happen, direct reference would need to be made to IAS 19. The Council's Pension Fund balance has historically mainly been a liability but moved from liability to asset during 2024/25.

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

- Service cost comprising:
 - i) current service cost – allocated in the Comprehensive Income and Expenditure Statement (CIES) to the services for which the employees worked
 - ii) 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:
 - i) charged to the Financing and Investment Income and Expenditure line of the CIES
- Re-measurements comprising:
 - i) 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
 - ii) 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
 - iii) 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 council 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.

Note 1: Statement of Accounting Policies (continued)

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 council 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 historical 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.

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.

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.

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).

Notes to the Accounts (General) (continued)

Note 1: Statement of Accounting Policies (continued)

j. Property, Plant and Equipment and Heritage Assets (continued)

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

Note 1: Statement of Accounting Policies (continued)

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 council settles the obligation.

The government has provided the ability to capitalise specific future costs relating to the redress scheme set up by the council in 2017/18 for payments pertaining to historic child abuse. The provision set up for these costs is matched with a reserve on the balance sheet. As payments are made these are debited against the provision and are 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 council 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 council can no longer withdraw the offer of those benefits or when the council 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 council 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 council'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.

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 Council's cash management strategy.

Note 1: Statement of Accounting Policies (continued)

p. Reserves

The Council 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 Council – 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 council.

Notes to the Accounts (General) (continued)

Note 1: Statement of Accounting Policies (continued)

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 interests 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.

Note 2: Critical Judgements in Applying Accounting Policies

In applying the accounting policies laid out in Note 1, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events. In the accounts, these are as follows:

Highway infrastructure

The Council has elected to take up the statutory override relating to the accounting for highways infrastructure assets which is applicable for all statements of accounts that are currently open up to 2024/25. In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 paragraph 3(a), where we replace a component of an infrastructure asset, for the purposes of determining the carrying amount to be derecognised in respect of that component we determine the relevant amount as nil. The reason for making this choice, allowable by the above statutory provision, is that in some cases the historic information held on previously recognised infrastructure may not be sufficiently detailed enough to prove the judgement that the components being replaced are fully depreciated or that any remaining balance would not be material. The Council is not required to make any prior period adjustment to the balances of the statement of accounts in respect of infrastructure assets.

IFRS16

The Council has made a judgement that the interest rates implicit in leases are not readily determinable and has instead calculated the discounted value of lease liabilities using the Council's incremental borrowing rate. Incremental rates have been set for each lease using the PWLB rate available for an annuity loan of period equal to the lease term at the commencement date of the lease. As the implicit rates have not been readily determinable, it is not possible to quantify the effect of the judgements made.

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.

A further direction was given in February 2025, allowing capitalisation of costs of up to £50m incurred between 2022/23 and 2024/25.

The uncertainties in valuing the outstanding liabilities arising from applications have significantly reduced with time, and most of the remaining applications have been concluded over the last year. Costs associated with the scheme have been monitored throughout 2024/25. Once the last few applications have been fully concluded the expected final total cost of the Scheme is expected to be between £155m to £158m with other associated costs taking the total to circa £170m.

In accordance with the terms of the capitalisation directions, sums unutilised as at the end of 2024/25 have been released from the provision and the Capitalisation Direction Reserve reduced to nil. Any costs resulting from the last few applications being finalised will be charged to revenue.

Notes to the Accounts (General) (continued)

Note 2: Critical Judgements in Applying Accounting Policies (continued)

Service Concessions

The council is deemed to control the services provided under PFI agreements as detailed in note 38. 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.

Valuation

The year-end carrying values of Land and Buildings within the Authority's Balance Sheet involve a significant degree of judgement and estimation techniques. The Authority engages a specialist to value its property portfolio. The results of this valuation exercise reflect the specialist's professional assessment of the conditions within the external property market.

Voluntary-controlled Schools

The Council has assessed whether or not schools deemed to be voluntary-controlled in nature should be included within the year-end Balance Sheet. In accordance with CIPFA guidance, the Council has determined, following the assessment of each individual case on its merits, that only those schools which are in the direct ownership of the Council should be disclosed within the Balance Sheet.

Note 3: Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or situations that are otherwise uncertain. Estimates are made using historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Consequences if actual results differ from assumptions
Valuation of HRA Dwellings	The HRA residential portfolio is valued based on a beacon methodology, with a 25% EUVSH (social housing) factor applied, which is the standardised Department for Levelling up, Housing and Communities rate for London. The current value of the stock (at 25%) is £2.4bn. To value the whole portfolio, it was necessary to research a number of information sources. These include sales of directly comparable property, changes of income flow for non-residential property, information available at a local level showing house price movement plus regional and National Indices	A reduction in the estimated value of HRA dwellings would result in a reduction to the revaluation reserve or a loss in the CIES. If the value of dwellings were to reduce by 10% this would lead to a reduction in value of approximately £239m.
Valuation of operational property including Right-of-Use assets	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets.</p> <p>The Council's external valuers provided valuations as at March 2025 for all of the Council's operational portfolio that were due a valuation under its five-year cycle. The remaining balance of operational properties was also reviewed to ensure values reflect current values.</p> <p>The estimated remaining useful life of operational assets is reviewed periodically based on the advice from the Council's external valuers.</p>	<p>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 £140m.</p> <p>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.</p>
Impairment allowance for doubtful debts	As at 31 March 2025, the Council had an outstanding balance of short-term debtors totalling £364m. Against this debtors balance, there is an impairment allowance of £99m. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not.	An understatement of doubtful debts would lead to an adjustment in the impairment allowance. The impairment allowances held are based on policies adapted to the nature of the debt and service area, historic experience and success rates experienced in collection as well as having regard to prevailing conditions that will impact ability of debtors to pay. If collection rates were to deteriorate significantly, then the Council would need to review its policies on the calculation of its impairment allowance for doubtful debts.

Note 3: Assumptions made about the Future and Other Major Sources of Estimation Uncertainty (continued)

Item	Uncertainties	Consequences if actual results differ from assumptions
Pensions Asset/Liability	<p>Estimation of the net asset/liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund investments. The Council has engaged actuaries Hyman Robertson for the LGPS, and Barnett Waddingham for the LPFA, to provide expert advice about the assumptions to be applied.</p>	<p>The pension asset totals £197.6m as at 31 March 2025. The effect of changes in these estimates on the net pension asset/liability of the Council are reviewed on an ongoing basis by the Pensions Committee.</p> <p>The principal factors influencing the valuation of the pension liability are the discount rate and the longevity (mortality rate) assumptions. The effect of changes in these estimates on the net pension liability of the Council are reviewed on an ongoing basis by the Pension Fund Committee.</p> <p>Variations in the key assumptions will have the following estimated impact on the scheme obligation and therefore the net asset/liability:</p> <ul style="list-style-type: none"> • A 0.1% decrease in the discount rate will decrease the net pension asset by £24.5m; • An increase of one year in longevity will decrease the net pension asset by £61.3m. • A 0.1% increase in the assumed level of salary increases will decrease the net pension asset by £0.7m; • A 0.1% increase in the assumed level of pension increases will decrease the net pension asset by £24.4m;
Self-Insurance	<p>The Council has recognised a year end provision of £6.1m for future claims under its self-insurance arrangements. This amount is a component of the overall insurance reserve.</p>	<p>An increase in the estimated average settlement of 10% during the forthcoming year would increase the provision required by £0.61m.</p>

Note 4: Accounting Standards Issued but Not Yet Adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 2025/26:

- From 1 April 2025, the Accounting Code will change the arrangements for the valuation of Property, Plant and Equipment. For 2024/25, there has been a general requirement that assets are revalued sufficiently regularly so that their carrying amount at 31 March does not differ materially from their current value at that date. This will be replaced by an option to revalue assets every five years, subject to annual reviews for impairment and the updating of carrying amounts by the application of relevant indices. No adjustments to carrying amounts will be required at 1 April 2025. The Council currently values our assets every 5 years and indexes non-specialised operational assets, council dwellings and temporary accommodation annually in between the 5- year cycle. Therefore, the Council does not expect a material impact on the value of its non-current assets in 2025/26.
- The 2025/26 Code of Practice will also include a new interpretation of IAS 38 Intangible Assets. Intangible assets previously needed to be measured using fair value where an active market exists but, under the 2025/26 Code of Practice, they can only be valued at historic cost. The Council currently values all of its intangible assets at historic cost so this change in the Code will not change asset values in the Council's accounts in 2025/26.
- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) will be amended to specify how an entity should evaluate whether a currency is exchangeable and how it should choose the spot exchange rate where this is the case. The standard also requires that the impact of currency not being exchangeable is disclosed to users of financial statements. These changes are expected to have little impact on the Council's financial statements.
- IFRS 17 Insurance Contracts replaces IFRS 4. It determines when the profit from a contract is recognised, how these contract values are measured and requires the disclosure of detailed information about these contracts. These changes are not expected to impact the Council's financial statements.

Note 5: Post Balance Sheet

On 23 February 2026, after the reporting date but in respect of the financial year ended 31 March 2025, the Council received confirmation from the Ministry of Housing, Communities and Local Government (MHCLG) of the in-principal approval for Exceptional Financial Support in the form of a Capitalisation Direction amounting to £50m for 2024/25, which is part of a wider approval of up to £116m, further details are disclosed in the narrative statement.

The £50m approval relates to expenditure incurred during 2024/25 and provides the Council with the ability to treat qualifying revenue costs as capital expenditure, in accordance with the terms of the Direction.

As the conditions giving rise to the need for this support existed at the reporting date, this is treated as an adjusting event. The financial statements have been amended to reflect the impact of the Direction, including the reclassification of £50m from revenue expenditure to capital expenditure and the corresponding effect on the General Fund balance and Capital Adjustment Account.

NOTES TO COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

Note 6: 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 7.

2023/24					2024/25			
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments required to arrive at the Net amount chargeable to the GF & HRA	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments required to arrive at the Net amount chargeable to the GF & HRA	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
116,059	-	1,458	117,517	Adult Social Care	83,240	(119)	1,681	84,802
118,501	(5,294)	18,814	132,021	Children's Services	104,980	-	8,510	113,490
5,407	(7)	7	5,407	Chief Executive	849	(3,254)	3,254	849
9,301	(3,890)	(1,300)	4,111	Climate & Inclusive Growth	3,431	(791)	13,643	16,283
			-	Communities, Governance and Change	17,483	526	-	18,009
14,084	(2,467)	97	11,714	Corporate Items Cost of Services	26,168	(10,843)	(8,294)	7,031
29,124	28	(1,406)	27,746	Finance & Governance	14,367	(14,373)	9,830	9,824
37,703	3	-	37,706	Housing Services (1)	65,797	(1,222)	-	64,575
2,807	(113)	-	2,694	Integrated Health & Care	2,069	-	-	2,069
56,105	(895)	18,164	73,374	Resident & Enabling Services	54,705	(11,322)	32,208	75,591
389,091	(12,635)	35,834	412,290	Net Cost of Services excluding HRA	373,089	(41,398)	60,832	392,523
10,863	(8,536)	15,321	17,648	Housing Revenue Account	(43,087)	-	49,577	6,490
399,954	(21,171)	51,155	429,938	Net Cost of Services including HRA	330,002	(41,398)	110,409	399,013
(350,711)	21,171	(37,277)	(366,817)	Other Income and Expenditure	(287,666)	41,398	(50,314)	(296,582)
49,243	-	13,878	63,121	(Surplus)/Deficit	42,336	-	60,095	102,431
			(215,417)	Opening General Fund and HRA Balance 1 April				(166,174)
			49,243	Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year				42,336
			(166,174)	Closing General Fund and HRA Balance at 31 March				(123,838)

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

NOTES TO COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

Note 6a: Group 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 7.

2023/24					2024/25			
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments required to arrive at the Net amount chargeable to the GF & HRA	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments required to arrive at the Net amount chargeable to the GF & HRA	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
116,059		1,458	117,517	Adult Social Care	83,240	(119)	1,681	84,802
118,501	(5,294)	18,814	132,021	Children's Services	104,980	-	8,511	113,491
5,407	(7)	7	5,407	Chief Executive	849	(3,254)	3,254	849
9,261	(3,890)	2,265	7,636	Climate & Inclusive Growth	3,431	(791)	10,747	13,387
			-	Communities, Governance and Change	17,483	526	-	18,009
14,516	(2,467)	(1,894)	10,155	Corporate Items Cost of Services	26,168	(10,843)	(8,294)	7,031
28,007	28	(1,406)	26,629	Finance & Governance	14,367	(14,373)	9,830	9,824
36,797	3	-	36,800	Housing Services (1)	65,797	(1,222)	-	64,575
2,807	(113)	-	2,694	Integrated Health & Care	2,069	-	-	2,069
51,194	(895)	18,164	68,463	Resident & Enabling Services	54,705	(11,322)	32,208	75,591
(2,926)		11,426	8,500	HFL Group	(5,098)	-	674	(4,424)
379,623	(12,635)	48,834	415,822	Net Cost of Services excluding HRA	367,991	(41,398)	58,611	385,204
10,406	(8,536)	15,885	17,755	Housing Revenue Account	(43,087)		51,209	8,122
390,029	(21,171)	64,719	433,577	Net Cost of Services including HRA	324,904	(41,398)	109,820	393,326
(340,786)	21,171	(40,473)	(360,088)	Other Income and Expenditure	(282,569)	41,398	(83,477)	(324,648)
49,243	-	24,246	73,489	(Surplus)/Deficit	42,335	-	26,343	68,678
			(215,417)	Opening General Fund and HRA Balance 1 April				(166,174)
			49,243	Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year				42,335
			(166,174)	Closing General Fund and HRA Balance at 31 March				(123,839)

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

Note 7: 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.

2023/24					2024/25			
Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments		Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
1,458	-	-	1,458	Adults & Health	1,681	-	-	1,681
18,814	-	-	18,814	Chief Executive	3,254	-	-	3,254
7	-	-	7	Children's Services	8,510	-	-	8,510
(1,300)	-	-	(1,300)	Climate & Inclusive Growth	13,643	-	-	13,643
13,323	(13,273)	47	97	Corporate Items Cost of Services	3,980	(12,634)	360	(8,294)
(1,406)	-	-	(1,406)	Finance & Governance	9,830	-	-	9,830
17,316	(1,950)	(45)	15,321	Housing Revenue Account	51,543	(1,989)	23	49,577
18,164	-	-	18,164	Resident & Enabling Services	32,208	-	-	32,208
66,376	(15,223)	2	51,155	Net Cost of Services	124,649	(14,623)	383	110,409
(37,815)	3,280	(2,742)	(37,277)	Other income and expenditure from the Funding Analysis	(45,321)	6,341	(11,334)	(50,314)
28,561	(11,943)	(2,740)	13,878	Difference between (Surplus)/Deficit and the CIES Statement (Surplus)/Deficit on Provision of Services	79,328	(8,282)	(10,951)	60,095

Note 7a: Group 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.

2023/24					2024/25			
Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments		Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
1,458	-	-	1,458	Adults & Health	1,681	-	-	1,681
18,814	-	-	18,814	Chief Executive	3,254	-	-	3,254
7	-	-	7	Children's Services	8,510	-	-	8,510
(1,300)	-	3,565	2,265	Climate & Inclusive Growth	13,643	-	(2,895)	10,748
13,323	(13,273)	(1,944)	(1,894)	Corporate Items Cost of Services	3,980	(12,634)	360	(8,294)
(1,406)	-	-	(1,406)	Finance & Governance	9,830	-	-	9,830
17,316	(1,950)	519	15,885	Housing Revenue Account	51,543	(1,989)	1,655	51,209
18,164	-	-	18,164	Resident & Enabling Services	32,208	-	-	32,208
357	-	11,069	11,426	HFL Group	496	-	178	674
66,733	(15,223)	13,209	64,719	Net Cost of Services	125,145	(14,623)	(702)	109,820
(37,815)	3,280	(5,938)	(40,473)	Other income and expenditure from the Funding Analysis	(45,321)	6,341	(44,497)	(83,477)
28,918	(11,943)	7,271	24,246	Difference between (Surplus)/Deficit and the CIES Statement (Surplus)/Deficit on Provision of Services	79,824	(8,282)	(45,199)	26,343

Note 8: Expenditure & Income Analysed by Nature

2023/24		2024/25
£'000		£'000
	Expenditure	
405,966	Employee benefits expenses	435,462
939,875	Other services expenses	1,011,908
108,815	Depreciation, amortisation, impairment	106,804
44,173	Interest payments	50,953
3,220	Precepts and levies	3,576
697	Payments to Housing Capital Receipts Pool	-
4,739	Loss/(Gain) on the disposal of assets	-
6,999	Impairments on Receivables	67,091
1,085	Impairment Losses / (Gains) on Investments	-
1,515,569	Total expenditure	1,675,794
	Income	
(367,907)	Fees, charges and other service income	(423,786)
(3,817)	Interest and investment income	(3,381)
(11,032)	Gain on the disposal of assets	(17,584)
-	Impairment Losses / (Gains) on Investments	(1,146)
(259,889)	Income from council tax, non-domestic rates	(283,609)
(809,803)	Government grants and contributions	(843,857)
(1,452,448)	Total income	(1,573,363)
63,121	(Surplus) or Deficit on the Provision of Services	102,431

Note 8a: Group Expenditure & Income Analysed by Nature

2023/24		2024/25
£'000		£'000
	Expenditure	
407,937	Employee benefits expenses	436,960
948,443	Other services expenses	1,011,175
109,171	Depreciation, amortisation, impairment	107,300
44,256	Interest payments	52,670
3,220	Precepts and levies	3,576
697	Payments to Housing Capital Receipts Pool	-
4,739	Loss/(Gain) on the disposal of assets	-
6,999	Impairments on Receivables	30,728
1,085	Impairment Losses / (Gains) on Investments	-
1,526,547	Total expenditure	1,642,409
	Income	
(368,164)	Fees, charges and other service income	(430,734)
(974)	Interest and investment income	-
(11,032)	Gain on the disposal of assets	(17,584)
-	Impairment Losses / (Gains) on Investments	(1,147)
(259,889)	Income from council tax, non-domestic rates	(283,609)
(812,999)	Government grants and contributions	(840,657)
(1,453,058)	Total income	(1,573,731)
73,489	(Surplus) or Deficit on the Provision of Services	68,678

Note 9: Material Items of Income and Expense

There were no material items that are not disclosed adequately either on the face of the CIES or in its accompanying notes.

Note 10: 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:

2023/24		2024/25
£'000		£'000
193	Fees with regard to external audit services carried out by the appointed auditor for the year	955
51	Fees for the certification of grant claims and returns for the year	33
-	Fees for non-audit services	-
244		988

Scale Fee for 2024/25 - £554k, with the potential for increase to cover additional audit in that year. The remaining balance of £401k relates to additional work done in previous years.

GRANT INCOME, CONTRIBUTIONS AND TAXATION**Note 11: Breakdown of Taxation and Non-Specific Grant Income**

2023/24		2024/25
£'000		£'000
(27,808)	Capital grants and Contributions – other (see note 12)	(33,475)
(146,260)	Council Tax income	(160,702)
(46,336)	NNDR Retained Income	(52,404)
(67,293)	Top-Up grant – business rates retention scheme	(70,503)
(28,246)	NNDR S31 Grant	(32,710)
(37,260)	Revenue Support Grant	(39,729)
(55,958)	Other Non-service related grants (see note 13)	(12,935)
(409,161)	Taxation and Non-Specific Grant Income	(402,458)

Note 12: Capital Grants and contributions

2023/24		2024/25
£'000		£'000
	Credited to Taxation and non-specific grant income	
(2,815)	Transport for London	(4,740)
(4,381)	Business Energy & Industrial Strategy	(131)
(1,700)	Section 20 Receipts	(2,470)
(3,933)	Standard Fund	(6,287)
(4,363)	S106 developers' contributions	(1,402)
(1,559)	GLA	(3,651)
(3,740)	Heritage Lottery fund	(2,143)
(3,043)	Community Infrastructure Levy	-
-	- Department for Levelling Up, Housing & Communities	(3,905)
-	- Energy Security & Net Zero	(2,493)
(2,273)	Other Grants - Capital (under £1.5m)	(6,253)
(27,807)	Total of Non-ringfenced government grants	(33,475)
	Credited to services	
(161)	Business Energy & Industrial Strategy	-
(44)	Standards Fund	-
(2,392)	S106 developers' contributions	-
-	- Communities & Local Government	(3,791)
(150)	GLA	(1,612)
(1,001)	City of London	-
(1,038)	Other Grants-Capital (under 1.5m)	(274)
(4,786)	Total Credited to Services	(5,677)
(32,593)	Grand Total	(39,152)

Note 13: Other Revenue Grant Income

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

2023/24	Credited to Taxation and Non Specific Grant Income	2024/25
£'000		£'000
(25,839)	Adult Social Care Support	-
(7,260)	Community Infrastructure Levy	(9,527)
(4,511)	Services Grant	(779)
(14,946)	Improved Better Care Fund	-
(17)	New Homes Bonus & New Homes Bonus Top Slice	(1,225)
(1,462)	Tackling Troubled Families	-
(1,923)	Grants Under £1.5m	(1,404)
(55,958)	Total Credited to Taxation and Non Specific Grant Income	(12,935)

Note 13: Other Revenue Grant Income (continued)

2023/24	Credited to services	2024/25
£'000		£'000
(6,797)	Additional Grant for Schools	(5,191)
(2,952)	Adult and Community Learning	(2,569)
	Adult Social Care Support	(33,912)
-	ASC Discharge Fund	(3,492)
(13,872)	Better Care Fund - S75 Pooled Budget	(15,782)
-	Community Discharge Grant	(140)
(35,347)	Contributions from health authorities	(33,657)
(2,357)	Covid catch-up Premium - Schools	(862)
(238,390)	Dedicated Schools Grant	(254,589)
-	Discretionary Housing Payment	(952)
-	Family Hubs And Start For Life Programme	(1,336)
-	Holiday Activates And Food Programme	(1,241)
-	Homelessness Reduction Act NB	(7,951)
(1,835)	Homes for Ukraine	(1,604)
(6,527)	Household support fund	(5,441)
(171,875)	Housing Benefit Subsidy	(178,183)
-	Improved Better Care Fund	(14,946)
-	Local Digital Fund	(1,601)
-	Market Sustainability And Fair Cost Of Care	(6,602)
-	Mayor's UFSM Fund	(3,298)
(13,868)	Other contributions income for schools	(12,952)
(33,838)	Other contributions under £1.5m	(23,595)
(16,536)	Other government grants - Revenue (under £1.5m)	(17,296)
(1,931)	PFI Lilian Baylis PFI Project - DfE Grant	(1,931)
(7,729)	PFI Support Grant Income - Lambeth Myatts Field North HRA PFI Project	(7,729)
(2,786)	PFI Support Grant Income – Other	(3,135)
(35,521)	Public Health Grant	(36,976)
(12,840)	Pupil Premium	(12,518)
(2,124)	Rough Sleeping Grant	(2,375)
(2,610)	Section 106	(2,791)
-	Supplementary Substance Misuse Treatment & Recovery	(2,628)
-	Teachers Pension Grant	(4,136)
-	Teachers' Pay Grant	(2,870)
(4,361)	Unaccompanied Children's Grant	(4,141)
(2,040)	Universal Infant Free School Meals	(2,005)
(8,643)	YPLA (LSC) 6th Form Grant	(8,904)
(624,779)	Total Credited to Services (Grants and Contributions)	(719,331)
(680,737)	Grand Total	(732,266)

Note 14: 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 council-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 2024/25 are as follows:

	Central Expenditure	Individual Schools Budget	Total
	£'000	£'000	£'000
Final DSG for 2024/25 before academy and high needs recoupment			337,450
Academy and high needs figure recouped for 2024/25			82,861
Total DSG after academy and high needs recoupment for 2024/25			254,589
Plus: Brought forward from 2023/24			10,479
Less: Carry-forward to 2025/26 agreed in advance			-
Agreed initial budgeted distribution in 2024/25	74,510	190,558	265,068
In year adjustments	(585)		(585)
Final budget distribution for 2024/25	73,925	190,558	264,483
Less: Actual central expenditure	60,513		60,513
Less: Actual ISB deployed to schools		190,558	190,558
Plus: Local authority contribution for 2024/25			-
In Year Carry-forward to 2025/26	13,412	-	13,412
Plus/Minus: Carry-forward to 2025/26 agreed in advance			-
Carry-forward to 2025/26			13,412
DSG unusable reserve at end of 2023/24			(2,743)
Addition to DSG unusable reserve at end of 2024/25			-
Total of DSG unusable reserve at end of 2024/25			(2,743)
Net DSG Surplus at end of 2024/25			10,669

Notes to the Accounts (General) (continued)

Note 14: Dedicated Schools Grant (DSG) (continued)

	Central Expenditure	Individual Schools Budget	Total
	£'000	£'000	£'000
Final DSG for 2022/23 before academy and high needs recoupment			318,534
Academy and high needs figure recouped for 2023/24			79,716
Total DSG after academy and high needs recoupment for 2023/24			238,818
Plus: Brought forward from 2022/23			4,856
Less: Carry-forward to 2024/25 agreed in advance			-
Agreed initial budgeted distribution in 2023/24	62,523	181,151	238,818
In year adjustments	(427)		(427)
Final budget distribution for 2023/24	62,095	181,151	243,246
Less: Actual central expenditure	51,616		51,616
Less: Actual ISB deployed to schools		181,151	181,151
Plus: Local authority contribution for 2023/24			-
In Year Carry-forward to 2024/25	10,479	-	10,479
Plus/Minus: Carry-forward to 2024/25 agreed in advance			-
Carry-forward to 2024/25			10,479
DSG unusable reserve at end of 2022/23			(2,743)
Addition to DSG unusable reserve at end of 2023/24			-
Total of DSG unusable reserve at end of 2023/24			(2,743)
Net DSG Surplus at end of 2023/24			7,736

Note 15: Better Care Fund (Pooled Budget)

The council entered into a pooled budget arrangement with Lambeth Integrated Care Board (ICB) 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.

Since 2017-18, the Better Care Fund has been widened to encompass funding known as the Improved Better Care Fund (iBCF). This funding is received direct from the Department for Levelling Up, Housing and Communities (DLUHC). One of its key purposes is to manage the level of delayed transfers of care from acute settings to those in the community.

2023/24		2024/25
£'000		£'000
(18,720)	Lambeth Council	(20,270)
(32,585)	CCG	(35,168)
(51,305)	Total funding provided to the pooled budget	(55,438)
	Expenditure met from pooled budget	
33,510	Lambeth Council	37,381
17,795	CCG	18,057
51,305	Total expenditure met from the pooled budget	55,438
-	Net surplus / deficit arising on the pooled budget during the year	-

Note 16: Members Allowances

2023/24		2024/25
£'000		£'000
852	Members' Allowances	1,127
513	Special Responsibility Allowance	535
-	Members' Expenses	-
-	Staff Development & Training / Other	2
1,365		1,664

Note 17: Remuneration Details – Higher Earners

Remuneration band	Number of school employees		Number of other employees		Total number of employees	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£50,000 - £54,999	156	163	313	313	469	476
£55,000 - £59,999	194	155	219	320	413	475
£60,000 - £64,999	131	162	125	148	256	310
£65,000 - £69,999	69	107	72	84	141	191
£70,000 - £74,999	54	68	84	72	138	140
£75,000 - £79,999	44	52	32	54	76	106
£80,000 - £84,999	13	31	13	25	26	56
£85,000 - £89,999	20	24	19	28	39	52
£90,000 - £94,999	9	13	9	10	18	23
£95,000 - £99,999	7	9	17	20	24	29
£100,000 - £104,999	5	4	8	11	13	15
£105,000 - £109,999	5	6	6	6	11	12
£110,000 - £114,999	7	6	6	6	13	12
£115,000 - £119,999	5	5	5	2	10	7
£120,000 - £124,999	1	4	3	3	4	7
£125,000 - £129,999	2	3	1	7	3	10
£130,000 - £134,999	2	1	2	1	4	2
£135,000 - £139,999	2	5	4	3	6	8
£140,000 - £144,999	-	-	-	2	-	2
£145,000 - £149,999	1	2	-	2	1	4
Over £150,000	-	-	-	-	-	-
Total for	727	820	938	1,117	1,665	1,937

Note 18: Senior Officers' Remuneration

Name and Title	Year	Salary, Fees & Allowances	Expense Allowances	Redundancy / Severance payments	Total Remuneration excl employers' pension contributions	Employers' pension contributions	Total Remuneration incl employers' pension contributions
		£	£	£	£	£	£
Ian Davis ⁽¹⁾ Chief Executive	2024/25	4,946	-	-	4,946	309	5,255
					-		-
Fiona Connolly ⁽²⁾ Acting Chief Executive	2024/25	192,762	-	-	192,762	37,203	229,966
	2023/24	176,769	-	-	176,769	34,116	210,885
Corporate Director of Integrated Health and Care	2024/25	83,859	-	-	83,859	12,058	95,917
	2023/24	79,866	-	-	79,866	11,484	91,350
Andrew Carter Corporate Director of Children, Families and Education	2024/25	182,302	-	-	182,302	35,184	217,486
	2023/24	176,769	-	-	176,769	34,331	211,100
Nabeel Khan Corporate Director of Climate & Inclusive Growth	2024/25	168,062	-	-	168,062	32,501	200,564
	2023/24	159,300	-	-	159,300	31,482	190,782
Venetia Reid-Baptiste Corporate Director of Residents and Enabling Services	2024/25	181,383	-	-	181,383	35,007	216,390
	2023/24	176,574	-	-	176,574	34,079	210,653
Director of Legal and Governance	2024/25	137,405	-	-	137,405	26,519	163,924
	2023/24	134,054	-	-	134,054	25,872	159,926
Amy Buxton Jennings Corporate Director of Communities, Governance and Change	2024/25	139,399	-	-	139,399	27,641	167,039
Ruth Hutt ⁽³⁾ Acting Corporate Director of Housing Adult Social Care	2024/25	159,041	-	-	159,041	30,695	189,736
Director of Strategy, Communications and Change	2024/25	111,802	-	-	111,802	23,573	135,375
	2023/24	105,564	-	-	105,564	20,374	125,938
Zena Cooke ⁽⁴⁾ Corporate Director of Finance and Governance - Zena Cooke	2024/25	55,681	-	-	55,681	10,746	66,427
Samantha Palin Executive Head Teacher	2024/25	174,952	-	-	174,952	50,176	225,129
	2023/24	184,326	-	-	184,326	43,648	227,974
Linda Adams Executive Head Teacher	2024/25	155,312	-	-	155,312	44,543	199,855
Nigel Lambert Director Community Safety & Resilience	2024/25	152,418	-	-	152,418	29,417	181,835
Interim Corporate Director of Finance and Governance ⁽⁵⁾	2024/25	-	-	-	-	-	-
One Lambeth Transformation Director ⁽⁶⁾	2024/25	-	-	-	-	-	-
Bayo Dosunmu ⁽⁷⁾ Chief Executive	2024/25	61,203	-	46,944	108,147	10,521	118,668
	2023/24	187,775	-	-	187,775	36,241	224,016
Sandra Roebuck ⁽⁸⁾ Director of Infrastructure and Capital Delivery	2024/25	152,594	-	67,687	220,281	28,146	248,426
			-	-	-		-
Director, HR and Organisational Development ⁽⁹⁾	2024/25	152,711	-	59,986	212,697	13,168	225,865

Note 18: Senior Officers' Remuneration (continued)

- 1 Chief Executive - Ian Davis started on 24/03/2025, the annualised salary is £230,000.
- 2 From 26/06/2024 to 31/03/2025, Fiona Connolly served as Acting Chief Executive. Before this role, Fiona held the substantive position of Corporate Director of Housing and Adult Social Care.
- 3 From 26/06/2024 to 31/03/2025, Ruth Hutt served as the Acting Corporate Director of Housing and Adult Social Care. Prior to this, Ruth held her substantive position as the Statutory Director of Public Health.
- 4 Corporate Director of Finance and Governance - Zena Cooke started on 02/12/2024, the annualised salary is £168,401.
- 5 The Interim Corporate Director of Finance and Governance was paid via an agency, the total amount that was paid to the agency by the council (£194,768) does not necessarily represent the remuneration which was paid to the post holder. The Interim Director of Finance and Governance left the council on 06/12/2024
- 6 The One Lambeth Transformation Director was paid via an agency, the total amount that was paid to the agency by the council (£43,589) does not necessarily represent the remuneration which was paid to the post holder. The One Lambeth Transformation Director left the council on 31/05/2024.
- 7 Chief Executive - Bayo Dosunmu left the council on 15/07/2024.
- 8 Director of Infrastructure and Capital Delivery - Sandra Roebuck left the council on 31/01/2025.
- 9 Director, HR and Organisational Development - Melanie Medley left the council on 04/10/2024.

Note 19: Exit packages

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
	No.	No.	No.	No.	No.	No.	£	£
£0 - £20,000	18	13	35	64	53	77	356,644	515,878
£20,001 - £40,000	7	6	8	19	15	25	462,142	675,276
£40,001 - £60,000	2	3	5	8	7	11	337,112	567,906
£60,001 - £80,000	2	3	1	4	3	7	187,105	486,692
£80,001 - £100,000	1	-	-	-	1	-	99,500	-
£100,001 - £150,000	1	1	-	4	1	5	127,500	587,217
£150,001 - £500,000	-	1	-	1	-	2	-	762,200
Total	31	27	49	100	80	127	1,570,003	3,595,169

This note includes employees who received exit packages payments in 2024/25, even if their redundancy was agreed in the previous financial year.

Note 20a: Related Parties

This disclosure note has been prepared using the council's Register of Members' Declarations of Interest in 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 2025 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). Details of transactions with government departments are set out in note 13.

Revenue and capital grants which have not yet been credited to the Comprehensive Income and Expenditure Statement are shown in notes 34 and 36 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 32 and 33.

Members

Members of the council have direct control over the council's financial and operating policies. During 2024/25 £10.5m (£8.6m in 2023/24) was paid to organisations in which 28 members (27 members in 2023/24) were on the governing body. (Excluding NHS and Western Riverside Waste Authority (WRWA).)

Payments made during 2023/24	Organisation	Payments made during 2024/25
£'000		£'000
1	Black Cultural Archives	3
509	Brixton BID Ltd	742
367	Clapham Business Improvement District	430
12	Clapham Common Management Advisory Committee	25
99	Clapham Park Project	96
-	HFL Build Limited	978
273	inStreatham Ltd	402
157	Jubilee Gardens Trust	-
85	Local Government Association	14
2,637	London Councils	2,917
8	London Youth Games Ltd	8
882	South Bank Bid Ltd	1,097
1,608	South Bank Colleges	1,835
157	Station to Station Business Improvement District	266
35	SW9 Community Housing	41
1,206	Vauxhall One	1,136
4	WATMOS Community Homes	2
521	We are Waterloo Ltd	483
1	Young Vic Company	-
8,562	Total	10,475

Notes to the Accounts (General) (continued)

Note 20a: Related Parties (continued)

During 2024/25 £0.82m (£0.52m in 2023/24) was received from organisations in which 22 members (22 members in 2023/24) were on the governing body. These figures are excluding the Homes for Lambeth and Western Riverside Waste Authority transactions which are shown in separate sections 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 16 on allowances paid to members.

Senior Officers

In 2024/25 no Senior Officer declared a related party interest. In 2023/24 £32k (£51k in 2022/23) was paid to organisations in which 1 senior officer (1 in 2022/23) had related parties which excluded the HFL Group and NHS bodies.

Other Public Bodies

In addition, the council paid £15.23m (£15.01m in 2023/24) to Western Riverside Waste Authority in respect of waste disposal charges and £1.11m (£1.08m in 2023/24) 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 £1,140.0m with the Public Works Loan Board (PWLB) and other Local Authorities as at 31 March 2025 (£946.1m as at 31 March 2024). Interest payable on loans from the PWLB and other Local Authorities in 2024/25 was £42.2m (£33.8m in 2023/24). 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 £2.14m as at 31 March 2025 (£1.59m as at 31 March 2024). 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 £2.09m (£1.56m in 2023/24) 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.

The subsidiary accounts have been consolidated into the Council's Group Accounts as at 31 March 2025. Related transactions are summarised below:

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 Long Term investment in the Council's financial statements. The company granted a sublease of these properties to HFL Homes.

Notes to the Accounts (General) (continued)

Note 20a: Related Parties (continued)

The single entity financial statements include income receivable from HFL Group Limited and its subsidiaries of £1.6m (excludes loan interest) (£2.8m in 2023/24) and expenditure payable of £0m (£0.7m in 2023/24).

The GLA grants paid to HfL Homes in 24-25 are £3.2m (£0.5m for Hydethorpe and £2.7m for Patmos Lodge)

As at 31 March 2025, the Council recognises debtors associated with HFL Group Limited and its subsidiaries, inclusive of lease premiums but excluding HfL loan balances of £2.5m (£5.1m in 2023/24). Short-term creditors amount to £0m, excluding the HfL Management Contract (2023/24: £1m).

In 2024/25 Lambeth issued £20.4m of loans to HFL Group Limited and its subsidiaries (£19.2m in 2023/24). Total interest charges for the year on all loans were £4.8m (£4m 2023/24). The outstanding balance of loans at 31st March 2025 was £101.9m (£90.3m in 2023/24).

Other long term debtors (lease premiums due after 1 year) are n/a in 24/25. (2023/24 n/a).

The directors in office for HFL Group Ltd, as at 31 March 2025 are as follows:

Directors of HFL Group Limited	Date of Appointment
Cagdas Canbolat	09 May 2022
Cllr Tim Windle	20 Feb 2023

Note 20b: Related Parties - Group Structure

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 reference to the HFL Group within the group financial statements represent the consolidation 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 include the following:

- Group Comprehensive Income & Expenditure Statement
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Notes to the Group Accounts

As the council is in the process of transitioning the activities of HfL companies back under full council control, the 2024/25 accounts for Hfl Homes, Hfl Build, and the parent company Hfl Group are not being prepared on a going concern basis and the directors of the companies do not plan to make any adjustments in that respect to the values disclosed in their accounts. This is being supported by a letter of comfort from the council confirming that resources will be made available to continue operations for the foreseeable future. In 2022/23 an assessment was carried out on capital loans due to the Council from HfL companies and an expected credit loss adjustment of £22.7m was made. This was reported within Financing and Investment Expenditure in the CIES. The loss was reversed through the Movement in Reserves Statement to the Capital Adjustment Account and therefore did not affect the General Fund balance, although sums have been set aside as minimum revenue provision to finance the losses. In 2024/25 a similar assessment has been carried out, with a further expected credit loss adjustment of £36.6m being made. £3.3m of the total related to interest and therefore impacted the General Fund balance.

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Note 21: Adjustments between Accounting Basis and Funding Basis under Regulations

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

2024/25	Usable Reserves						Corresponding Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Major Repairs Reserves	Capital Grants Unapplied	Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'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	1,157	-	-	-	-	(1,157)	Fin Instruments Adjust Account
• Pension costs	6,293	1,989	-	-	-	(8,282)	Pensions Reserve
• Council tax & business rates	11,334	-	-	-	-	(11,334)	Collection Fund Adjust Account
• Holiday pay	(360)	(23)	-	-	-	383	Accumulated Absences Account
• Dedicated Schools Grant Deficit	-	-	-	-	-	-	DSG Adjustment Account
Reversal of entries in the Surplus/Deficit on the Provision of Services in relation to capital expenditure:							
• Amortisation of intangible assets	(4,367)	-	-	-	-	4,367	Capital Adjustment Account
• Charges for depreciation	(36,094)	(29,498)	-	-	-	65,592	
• Charges for impairment	(47,850)	(22,046)	-	-	-	69,896	
• Revenue expenditure funded from capital under statute	(18,162)	-	-	-	-	18,162	
• Carrying amounts of non-current assets written off on disposal or sale	-	(7,466)	-	-	-	7,466	
Capitalisation Direction							
• Secretary of State Capitalisation Direction (SSDC)	(50,000)	-	-	-	-	50,000	Capital Adjustment Account
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	3,324	21,728	(25,052)	-	-	-	Capital Adjustment Account
• Administrative costs of non-current asset disposals	-	(2,790)	2,790	-	-	-	
• Posting of HRA resources from revenue to the Major Repairs Reserve	-	29,497	-	(29,497)	-	-	
• Statutory revenue provisions for the financing of capital investment	23,736	4,238	-	-	-	(27,974)	
• Capital expenditure financed from revenue balances	1,561	-	-	-	-	(1,561)	
• Capital grant income	4,216	365	-	-	(4,581)	-	
Adjustments to Capital Resources:							
• Use of the Capital Receipts Reserve to finance capital expenditure	-	-	11,409	-	-	(11,409)	Capital Adjustment Account
• Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	36,297	-	(36,297)	
• Application of capital grants to finance capital expenditure	-	-	-	-	3,499	(3,499)	
• Application of CIES capital grants to finance capital expenditure	30,746	-	-	-	-	(30,746)	
• Application of CIES capital contributions to Finance New Capital	1,208	2,298	-	-	-	(3,506)	
• Other Adjustments	317	-	-	-	-	(317)	Redress capitalisation reserve
• Redress capitalisation reserve movements	14,555	-	-	-	-	(14,555)	
• Cash payments in relation to deferred capital receipts	(1)	-	-	-	-	1	
Total Adjustments	(58,387)	(1,708)	(10,853)	6,800	(1,082)	65,230	

Note 21: Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2023/24	Usable Reserves						Corresponding Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Major Repairs Reserves	Capital Grants Unapplied	Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'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	(1,074)	-	-	-	-	1,074	Fin Instruments Adjust Account
• Pension costs	9,993	1,950	-	-	-	(11,943)	Pensions Reserve
• Council tax & business rates	(8,595)	-	-	-	-	8,595	Collection Fund Adjust Account
• Holiday pay	(47)	45	-	-	-	2	Accumulated Absences Account
• Dedicated Schools Grant Deficit	-	-	-	-	-	-	DSG Adjustment Account
Reversal of entries in the Surplus/Deficit on the Provision of Services in relation to capital expenditure:							
• Amortisation of intangible assets	(2,517)	-	-	-	-	2,517	
• Charges for depreciation and impairment	(46,582)	(59,716)	-	-	-	106,298	
• Revenue expenditure funded from capital under statute	(21,198)	-	-	-	-	21,198	Capital Adjustment Account
• Carrying amounts of non-current assets written off on disposal or sale	(210)	(4,530)	-	-	-	4,740	
• Capital grant income	-	5,427	-	-	-	(5,427)	
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	(246)	11,279	(11,032)	-	-	(1)	Deferred Capital Receipts
Use of capital receipts for revenue purposes:							
• Payments to the Government housing receipts pool	(697)	-	697	-	-	-	Capital Receipts Reserve
• Posting of HRA resources from revenue to the Major Repairs Reserve	-	30,732	-	(30,732)	-	-	
• Statutory revenue provisions for the financing of capital investment	17,488	3,449	-	-	-	(20,937)	
• Capital expenditure financed from revenue balances	3,642	-	-	-	-	(3,642)	Capital Adjustment Account
• Application of CIL Receipts to Finance New Capital	1,366	-	-	-	-	(1,366)	
Adjustments to Capital Resources:							
• Use of the Capital Receipts Reserve to finance capital expenditure	-	-	12,899	-	-	(12,899)	
• Application of S. 106 Receipts to Finance new Capital	4,277	-	-	-	-	(4,277)	Capital Adjustment Account
• Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	23,932	-	(23,932)	
• Application of capital grants to finance capital expenditure	26,839	-	-	-	4,861	(31,700)	
• Redress Capitalisation Scheme	15,048	-	-	-	-	(15,048)	Redress capitalisation reserve
• Cash payments in relation to deferred capital receipts	(1)	-	-	-	-	1	Deferred capital receipts reserve
Total Adjustments	(2,514)	(11,364)	2,564	(6,800)	4,861	13,253	

Note 21a: Adjustments between Group and Council Accounts

2024/25	General Fund Balance	Housing Revenue Account	Unusable Reserves	Subsidiary Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000
Reversal of entries in the Surplus/Deficit on the Provision of Services in relation to capital expenditure to the Capital Adjustment Account					
• HFL Long term Loan Impairment			(36,363)		(36,363)
• Charges for depreciation and impairment			496		496
Intercompany Adjustments between Council and Subsidiary reserves:					
• Total Adjustment Per Council accounts	31,238	(1,632)			29,606
• HFL Group Limited Adjustments				2,965	2,965
• HFL Build Limited Adjustments				1,601	1,601
• HFL Homes Limited Adjustments				354	354
• HFL Living Limited Adjustments				1,341	1,341
Total Adjustments	31,238	(1,632)	(35,867)	6,261	-
2023/24	General Fund Balance	Housing Revenue Account	Unusable Reserves	Subsidiary Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000
Reversal of entries in the Surplus/Deficit on the Provision of Services in relation to capital expenditure to the Capital Adjustment Account					
• HFL Long term Loan Impairment			(3,196)		(3,196)
• Charges for depreciation and impairment			356		356
Intercompany Adjustments between Council and Subsidiary reserves:					
• Total Adjustment Per Authority accounts	(5,601)	(564)			(6,165)
• HFL Group Limited Adjustments				2,614	2,614
• HFL Build Limited Adjustments				960	960
• HFL Homes Limited Adjustments				3,925	3,925
• HFL Living Limited Adjustments				1,506	1,506
Total Adjustments	(5,601)	(564)	(2,840)	9,005	-

Note 22: Unusable Reserves

Adjustments between Accounting and Funding Basis 2024/25

2024/25		Adjustments between Accounting and Funding Basis					
Unusable Reserves	Opening Balance 1 April	Other Comprehensive Income and Expenditure	Adjustments to Revenue Resources	Transfers Between Revenue and Capital Resources	Adjustments to Capital Resources	Other Movements	Closing Balance 31 March
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(1,040,144)	(4,538)		-	-	11,889	(1,032,793)
Financial Instruments Adjustment Account	2,574		(1,157)	-	-	-	1,417
Pensions Reserve	139,390	(328,700)	(8,282)	-	-	-	(197,592)
Collection Fund Adjustment Account	13,052	-	(11,334)	-	-	-	1,718
Accumulated Absences Account	4,898	-	383	-	-	-	5,281
Capital Adjustment Account	(1,822,746)	-	215,485	(29,535)	(85,776)	(11,889)	(1,734,461)
Deferred Capital Receipts	(386)	-	-	-	1	-	(385)
Dedicated Schools Grant Adjustment Account	2,743	-	-	-	-	-	2,743
Redress Capitalisation Directive Reserve	14,555	-	-	-	(14,555)	-	-
Total	(2,686,064)	(333,238)	195,095	(29,535)	(100,330)	-	(2,954,072)

Adjustments between Accounting and Funding Basis 2023/24

2023/24		Adjustments between Accounting and Funding Basis					
Unusable Reserves	Opening Balance 1 April	Other Comprehensive Income and Expenditure	Adjustments to Revenue Resources	Transfers Between Revenue and Capital Resources	Adjustments to Capital Resources	Other Movements	Closing Balance 31 March
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(1,139,766)	86,857	-	-	-	12,765	(1,040,144)
Financial Instruments Adjustment Account	1,500	-	1,074	-	-	-	2,574
Pensions Reserve	116,323	35,010	(11,943)	-	-	-	139,390
Collection Fund Adjustment Account	4,457	-	8,595	-	-	-	13,052
Accumulated Absences Account	4,896	-	2	-	-	-	4,898
Capital Adjustment Account	(1,840,554)	-	134,753	(24,579)	(79,600)	(12,766)	(1,822,746)
Deferred Capital Receipts	(387)	-	-	-	1	-	(386)
Dedicated Schools Grant Adjustment Account	2,743	-	-	-	-	-	2,743
Redress Capitalisation Directive Reserve	29,604	-	-	-	(15,049)	-	14,555
Total	(2,821,184)	121,867	132,481	(24,579)	(94,648)	(1)	(2,686,064)

Note 22a: Group Unusable Reserves

Adjustments between Accounting and Funding Basis 2024/25 differ from the Council due to Group revaluation gains and intercompany Group adjustments for the Other Comprehensive Income and Expenditure, Revaluation Reserve and Capital Adjustment Account

2024/25		Adjustments between Accounting and Funding Basis					
Unusable Reserves	Opening Balance 1 April	Other Comprehensive Income and Expenditure	Adjustments to Revenue Resources	Transfers Between Revenue and Capital Resources	Adjustments to Capital Resources	Other Movements	Closing Balance 31 March
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(1,071,967)	(21,233)				12,220	(1,080,980)
Financial Instruments Adjustment Account	2,574		(1,157)				1,417
Pensions Reserve	139,390	(328,700)	(8,282)				(197,592)
Collection Fund Adjustment Account	13,052		(11,334)				1,718
Accumulated Absences Account	4,898		383				5,281
Capital Adjustment Account	(1,856,874)		179,618	(29,535)	(85,776)	(12,220)	(1,804,787)
Deferred Capital Receipts	(386)				1		(385)
Dedicated Schools Grant Adjustment Account	2,743						2,743
Redress Capitalisation Directive Reserve	14,555				(14,555)		-
Total	(2,752,015)	(349,933)	159,228	(29,535)	(100,330)	-	(3,072,585)

Adjustments between Accounting and Funding Basis 2024/25 differ from the Council due to Group revaluation gains and intercompany Group adjustments for the Other Comprehensive Income and Expenditure, Revaluation Reserve and Capital Adjustment Account

2023/24		Adjustments between Accounting and Funding Basis					
Unusable Reserves	Opening Balance 1 April	Other Comprehensive Income and Expenditure	Adjustments to Revenue Resources	Transfers Between Revenue and Capital Resources	Adjustments to Capital Resources	Other Movements	Closing Balance 31 March
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(1,167,626)	82,607	-	-	-	13,052	(1,071,967)
Financial Instruments Adjustment Account	1,500	-	1,074	-	-	-	2,574
Pensions Reserve	116,323	35,010	(11,943)	-	-	-	139,390
Collection Fund Adjustment Account	4,457	-	8,595	-	-	-	13,052
Accumulated Absences Account	4,896	-	2	-	-	-	4,898
Capital Adjustment Account	(1,871,555)	-	135,109	(27,775)	(79,600)	(13,053)	(1,856,874)
Deferred Capital Receipts	(387)	-	-	-	1	-	(386)
Dedicated Schools Grant Adjustment Account	2,743	-	-	-	-	-	2,743
Redress Capitalisation Directive Reserve	29,604	-	-	-	(15,049)	-	14,555
Total	(2,880,045)	117,617	132,837	(27,775)	(94,648)	(1)	(2,752,015)

Note 22: Unusable Reserves (continued)

Revaluation Reserve - Contains the gains made by the Council 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.

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).

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.

Notes to the Accounts (General) (continued)

Note 22: Unusable Reserves (continued)

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.

Note 23a: Usable Reserves

2023/24		2024/25
£'000		£'000
(30,000)	**General Fund	(45,000)
(16,462)	LMS Balances	(9,844)
(105,329)	Earmarked Reserves – General Fund	(62,647)
(14,381)	Earmarked Reserves - HRA	(6,347)
(2)	Housing Revenue Account	-
(40,114)	Capital Receipts Reserve	(50,967)
(49,274)	Capital Grants Unapplied Account	(50,356)
(6,800)	Major Repairs Reserve	-
(262,362)	Total Usable Reserves	(225,161)

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

Note 23b: LMS Balance – Ring-fenced for the local management of schools

2023/24		2024/25
£'000		£'000
(17,507)	Balance at 01 April	(16,462)
5,094	Overspent School Balances	9,555
(4,049)	Underspent School Balances	(2,937)
(16,462)	Balance at 31 March	(9,844)

Note 24: 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 2024/25.

	Balance at 31-March-2024	Transfers in	Transfers out	Balance at 31-March-2025
	£'000	£'000	£'000	£'000
General Fund (GF) Reserves				
Capital	(22,820)	(9,527)	5,222	(27,125)
Technical	(12,012)	-	1,094	(10,918)
Departmental	(40,533)	(13,326)	33,140	(20,719)
Corporate	(4,622)	(700)	1,438	(3,884)
Financial Risk	(25,342)	-	25,341	(1)
GF Balances / Unallocated reserves	(30,000)	(40,000)	25,000	(45,000)
GF Sub-total	(135,329)	(63,553)	91,235	(107,647)
Housing Revenue Account (HRA) Reserves				
HRA	(14,381)	(772)	8,806	(6,347)
HRA Unallocated Reserve	(2)	-	2	-
HRA Sub-total	(14,383)	(772)	8,808	(6,347)
Council Total	(149,712)	(64,325)	100,043	(113,994)

Name	Purpose
Capital	Intended to support investment in the council's assets
Technical	to provide for technical liabilities and other potential such as insurance
Departmental	to carry forwards resources for specific projects and commitments
Corporate	to provide financing to meet known or predicted future General Fund expenditure plans
Financial Risk	To support the council through future shortfalls in funding and challenges in balancing its budget over the medium term
GF Balance / Unallocated reserves	to meet unexpected events or emergencies

NOTES TO THE BALANCE SHEET

Note 25a: Property, Plant & Equipment & Right-of-Use valuation dates

31-March-2025	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	PPE Total	Right of Use
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	15,746	36,687	168,446	15,111	-	69,238	305,228	-
Valued at current value as at:									
31-Mar-19	-	584	-	-	-	-	-	584	-
31-Mar-20	-	10,099	-	-	-	-	-	10,099	-
31-Mar-21	-	13,919	-	-	-	-	-	13,919	-
31-Mar-22	-	47,854	-	-	-	-	-	47,854	-
31-Mar-23	-	883,642	-	-	-	2,164	-	885,806	-
31-Mar-24	-	182,351	-	-	-	-	-	182,351	-
31-Mar-25	2,385,362	197,327	-	-	-	24,250	-	2,606,939	44,506
Total cost or valuation	2,385,362	1,351,522	36,687	168,446	15,111	26,414	69,238	4,052,780	44,506

Note 25a (i): Group Property, Plant & Equipment & Right-of-Use valuation dates

31-March-2025	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	PPE Total	Right of Use
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	15,746	36,687	168,446	15,111	-	92,070	328,060	-
Valued at current value as at:									
31-Mar-19	-	584	-	-	-	-	-	584	-
31-Mar-20	-	10,099	-	-	-	-	-	10,099	-
31-Mar-21	-	13,919	-	-	-	-	-	13,919	-
31-Mar-22	-	47,854	-	-	-	-	-	47,854	-
31-Mar-23	-	883,642	-	-	-	2,164	-	885,806	-
31-Mar-24	-	182,351	-	-	-	-	-	182,351	-
31-Mar-25	2,385,362	279,550	-	-	-	24,250	-	2,689,162	44,506
Total cost or valuation	2,385,362	1,433,745	36,687	168,446	15,111	26,414	92,070	4,157,835	44,506

Note 25b: Single Entity Property, Plant and Equipment

Balances as at 31-March-2025	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Community assets	Surplus assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation	2,385,362	1,366,488	141,558	15,126	26,695	69,238	4,004,467
Accumulated Depreciation	-	(14,966)	(104,871)	(15)	(281)	-	(120,133)
Carrying Amount	2,385,362	1,351,522	36,687	15,111	26,414	69,238	3,884,334
Owned	2,343,706	1,292,900	36,687	13,109	26,414	69,238	3,782,054
PFI	41,656	58,622	-	2,002	-	-	102,280
Carrying Amount	2,385,362	1,351,522	36,687	15,111	26,414	69,238	3,884,334

Balances as at 31-March-2025	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movements in Carrying Amount								
At 31 March 2024	2,378,171	1,341,335	37,529	160,736	12,102	69,160	68,297	4,067,330
<i>IFRS 16 Adjustments:</i>								
Reclassifications	-	(45,658)						(45,658)
Opening Balance after Adjustments	2,378,171	1,295,677	37,529	160,736	12,102	69,160	68,297	4,021,672
At 1 April 2024	2,378,171	1,295,677	37,529	160,736	12,102	69,160	68,297	4,021,672
Reclassifications	4,979	17,611	71	-	220	(18,165)	(4,716)	-
Additions	59,019	36,472	8,955	19,420	2,789	664	5,657	132,976
Revaluation gains/(losses) recognised in the revaluation reserve	9,235	19,206	-	-	-	(2,690)	-	25,751
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	(30,840)	(1,597)	-	-	-	(752)	-	(33,189)
Depreciation	(27,787)	(15,414)	(9,868)	(11,710)	-	(662)	-	(65,441)
Impairments recognised in the revaluation reserve	-	(473)				(21,141)		(21,614)
Impairments recognised in the surplus / deficit on the provision of services	-	(76)	-	-	-	-	-	(76)
Disposals and Decommissioning	(7,415)	(51)	-	-	-	-	-	(7,466)
Assets reclassified (to) / from Held for Sale	-	167	-	-	-	-	-	167
At 31 March 2025	2,385,362	1,351,522	36,687	168,446	15,111	26,414	69,238	4,052,780

Revaluation gains/ (losses recognised in the revaluation reserve, includes £316k revaluation gain recognised within capital grants and contributions (Note 11) and not in the gain on revaluation of non-current assets

Note 25b: Property, Plant and Equipment (continued)

Balances as at 31-March-2024	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Community assets	Surplus assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation	2,378,171	1,345,863	132,532	12,102	69,165	68,297	4,006,130
Accumulated Depreciation	-	(4,528)	(95,003)	-	(5)	-	(99,536)
Carrying Amount	2,378,171	1,341,335	37,529	12,102	69,160	68,297	3,906,594
Owned	2,337,009	1,271,266	37,529	11,897	69,160	68,297	3,795,158
PFI	41,162	70,069	-	205	-	-	111,436
Carrying Amount	2,378,171	1,341,335	37,529	12,102	69,160	68,297	3,906,594

Balances as at 31-March-2024	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movements in Carrying Amount								
At 1 April 2023	2,528,868	1,302,225	32,374	153,454	10,153	37,956	59,602	4,124,632
Reclassifications	(555)	8,412	-	-	193	(214)	(8,433)	(597)
Additions	44,836	47,902	12,425	18,204	1,573	543	17,376	142,859
Revaluation gains/(losses) recognised in the revaluation reserve	(139,538)	22,574	1	-	183	33,737	77	(82,966)
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	(19,669)	(9,687)	-	-	-	(2,378)	(95)	(31,829)
Depreciation	(29,516)	(14,551)	(7,061)	(10,922)	-	(484)	-	(62,534)
Impairments recognised in the revaluation reserve	(1,515)	(2,375)	-	-	-	-	-	(3,890)
Impairments recognised in the surplus / deficit on the provision of services	(208)	(13,165)	-	-	-	-	(100)	(13,473)
Disposals and Decommissioning	(4,530)	-	(210)	-	-	-	-	(4,740)
Assets reclassified (to) / from Held for Sale	(2)	-	-	-	-	-	(130)	(132)
At 31 March 2024	2,378,171	1,341,335	37,529	160,736	12,102	69,160	68,297	4,067,330

Notes to the Accounts (General) (continued)

Note 25b: Property, Plant and Equipment (continued)

31-March-2024	Reconciliation of infrastructure assets to PPE	31-March-2025
£'000		£'000
	Infrastructure assets	
149,451	<i>Owned</i>	157,110
11,285	<i>PFI</i>	11,336
	Other PPE Assets	
3,795,158	<i>Owned</i>	3,782,054
111,436	<i>PFI</i>	102,280
4,067,330		4,052,780

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, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. All replaced infrastructure components are determined to have fully depreciated and have a net amount of nil.

Note 25c: Right of Use

	31-March-2025
	£'000
At 31 March 2024	-
<i>IFRS 16 Adjustments:</i>	
Reclassifications	45,658
Creation of right-of-use assets on transition to IFRS 16	1,687
Opening Balance Adjustments	47,345
At 1 April 2024	47,345
Revaluation gains/(losses) recognised in the revaluation reserve	717
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	(3,404)
Depreciation	(152)
At 31 March 2025	44,506

As 2024/25 is the first year of new IFRS16 lease accounting arrangements, comparative figures for 2023/24 are not available. Leases are held as Right of Use assets. This table shows the change in the value of right-of-use assets held under leases by the Council.

Note 26: Group Property, Plant and Equipment

Balances as at 31-March-2025	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Community assets	Surplus assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation	2,385,362	1,450,999	142,529	15,126	26,695	92,070	4,112,781
Accumulated Depreciation	-	(17,254)	(105,842)	(15)	(281)	-	(123,392)
Carrying Amount	2,385,362	1,433,745	36,687	15,111	26,414	92,070	3,989,389
Owned	2,343,706	1,375,123	36,687	13,109	26,414	92,070	3,887,109
PFI	41,656	58,622	-	2,002	-	-	102,280
Carrying Amount	2,385,362	1,433,745	36,687	15,111	26,414	92,070	3,989,389

Balances as at 31-March-2025	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movements in Carrying Amount								
At 31 March 2024	2,378,171	1,398,821	37,565	160,736	12,102	69,160	90,857	4,147,412
<i>IFRS 16 Adjustments:</i>								
Reclassifications		(45,658)						(45,658)
Opening Balance Adjustments	2,378,171	1,353,163	37,565	160,736	12,102	69,160	90,857	4,101,754
At 1 April 2024	2,378,171	1,353,163	37,565	160,736	12,102	69,160	90,857	4,101,754
Reclassifications	4,979	17,622	71	-	220	(18,165)	(4,727)	-
Additions	59,019	45,012	8,999	19,420	2,789	664	5,940	141,843
Revaluation gains/(losses) recognised in the revaluation reserve	9,235	35,901	-	-	-	(2,690)	-	42,446
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	(30,840)	(1,503)	-	-	-	(752)	-	(33,095)
Depreciation	(27,787)	(16,017)	(9,948)	(11,710)	-	(662)	-	(66,124)
Impairments recognised in the revaluation reserve	-	(473)	-	-	-	(21,141)	-	(21,614)
Impairments recognised in the surplus / deficit on the provision of services	-	(76)	-	-	-	-	-	(76)
Disposals and Decommissioning	(7,415)	(51)	-	-	-	-	-	(7,466)
Assets reclassified (to) / from Held for Sale		167	-	-	-	-	-	167
At 31 March 2025	2,385,362	1,433,745	36,687	168,446	15,111	26,414	92,070	4,157,835

Note 26: Group Property, Plant and Equipment (Continued)

Balances as at 31-March-2024	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Community assets	Surplus assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation	2,378,171	1,404,217	133,459	12,102	69,165	90,857	4,087,971
Accumulated Depreciation	-	(5,396)	(95,894)	-	(5)	-	(101,295)
Carrying Amount	2,378,171	1,398,821	37,565	12,102	69,160	90,857	3,986,676
Owned	2,337,009	1,328,752	37,565	11,897	69,160	90,857	3,875,240
PFI	41,162	70,069	-	205	-	-	111,436
Carrying Amount	2,378,171	1,398,821	37,565	12,102	69,160	90,857	3,986,676

Balances as at 31-March-2024	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movements in Carrying Amount								
At 1 April 2023	2,528,868	1,356,133	32,694	153,454	10,153	37,955	72,968	4,192,225
Reclassifications	(555)	8,353	257	-	193	(214)	2,077	10,111
Additions	44,834	47,905	12,425	18,204	1,573	542	17,247	142,730
Revaluation gains/(losses) recognised in the revaluation reserve	(139,538)	26,823	-	-	183	33,738	-	(78,794)
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	(19,669)	(9,493)	-	-	-	(2,378)	(95)	(31,635)
Depreciation	(29,516)	(14,995)	(7,471)	(10,922)	-	(484)	-	(63,388)
Impairments recognised in the revaluation reserve	(1,515)	(2,375)	-	-	-	-	-	(3,890)
Impairments recognised in the surplus / deficit on the provision of services	(208)	(13,165)	-	-	-	1	(100)	(13,472)
Disposals and Decommissioning	(4,530)	(365)	(340)	-	-	-	(1,240)	(6,475)
Assets reclassified (to) / from Held for Sale	-	-	-	-	-	-	-	-
At 31 March 2024	2,378,171	1,398,821	37,565	160,736	12,102	69,160	90,857	4,147,412

Note 26: Group Property, Plant and Equipment (Continued)

2023/24		2024/25
£'000	Reconciliation of infrastructure assets to PPE	£'000
	Infrastructure assets	
149,451	<i>Owned</i>	157,110
11,285	<i>PFI</i>	11,336
	Other PPE Assets	
3,875,240	<i>Owned</i>	3,887,109
111,436	<i>PFI</i>	102,280
4,147,412		4,157,835

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 this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. All replaced infrastructure components are determined to have fully depreciated and have a net amount of nil.

Note 27: 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:

Software Licences		Software Licences	
31-March-2024		31-March-2025	
£'000		£'000	
6,016	Balance at start of year:		6,889
22,564	Gross carrying amounts		25,954
(16,548)	Accumulated amortisation		(19,065)
6,016	Net carrying amount at start of year		6,889
	Additions:		
3,390	Purchases		2,602
(2,517)	Amortisation for the period		(4,367)
6,889	Net carrying amount at end of year		5,124
	Comprising:		-
25,954	Gross carrying amounts		28,557
(19,065)	Accumulated amortisation		(23,433)
6,889	Balance at end of year		5,124

Notes to the Accounts (General) (continued)

Note 28a: 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.

Note 28b: Assets Held for Sale

31-March-2024		31-March-2025
£'000		£'000
	- Balance at start of year	2,267
	- Assets sold	-
728	Assets Reclassified as Assets Under Construction	-
1,539	Revaluations	(175)
	- Assets newly classified as held for sale:	-
	- Property, Plant and Equipment	(167)
2,267	Balance at year-end	1,925

Note 29: Capital Commitments

31-March-2024		31-March-2025	
	£'000		£'000
851	Children's Services		89
14,545	Climate & Inclusive Growth		3,700
-	Climate & Inclusive Growth (HRA)		687
-	Finance & Governance		15
1,369	Housing (GF)		623
16,527	Housing Services (HRA)		20,160
13,366	Resident & Enabling Services		10,213
46,658	Total		35,487

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.

Note 30: Capital Expenditure and Capital Financing

Restated 31-March-2024		31-March-2025
£'000		£'000
1,178,028	Opening Capital Financing Requirement	1,284,202
20,171	Adjustment to Opening Balance	(359)
	Adjustments for the inclusion of Right-of-Use Assets	1,687
	Capital Investment:	
142,857	Property, Plant and Equipment	132,976
46	Heritage Assets	85
3,390	Intangible Assets	2,602
21,198	Revenue Expenditure Funded from Capital under Statute	18,162
24,946	Investments	25,181
-	Secretary of State Capitalisation Direction	50,000
	Sources of Finance:	
(2,254)	Repayment of loan	(13,625)
-	141 Capital Receipts	(5,978)
(12,899)	Capital Receipts	(5,431)
(33,380)	Government grants and other contributions	(34,246)
(23,932)	Major Repairs Reserve	(36,297)
(3,659)	Section 20	(2,105)
(4,363)	S106 contributions	(1,402)
(1,367)	Community Infrastructure Levy	(1,051)
-	Sums set aside from revenue:	-
(3,642)	Direct revenue contributions	(510)
(20,937)	MRP / loans principal	(27,974)
1,284,203	Closing Capital Financing Requirement	1,385,917
	Explanation of movements in year:	
106,175	Increase / (decrease) in underlying need to borrow	101,715
106,175	Increase / (decrease) in Capital Financing Requirement	101,715

Note 31a: Financial Instruments

2022/23			2023/24				2024/25		
Non-Current	Current	Total	Non-Current	Current	Total		Non-Current	Current	Total
£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000
	(15,295)	(15,295)		(16,503)	(16,503)	Rents		(17,766)	(17,766)
	(5,185)	(5,185)		(5,185)	(5,185)	RTB service charge & s20 creditors		(5,185)	(5,185)
	(122,510)	(122,510)		(99,212)	(99,212)	Other payables		(91,549)	(91,549)
	(63,985)	(63,985)		(144,101)	(144,101)	*Short-term Borrowing – PWLB		(177,533)	(177,533)
	(5,090)	(5,090)		(5,399)	(5,399)	Short-term Creditors – IFRIC 12-PFI		(6,065)	(6,065)
(746,255)		(746,255)	(801,956)		(801,956)	Long-term Borrowing – PWLB	(962,696)		(962,696)
(76,009)		(76,009)	(70,699)		(70,699)	Long-term Creditors – IFRIC 12-PFI	(69,045)		(69,045)
(822,264)	(212,065)	(1,034,329)	(872,655)	(270,400)	(1,143,055)	Total Financial Liabilities at Amortised Cost	(1,031,741)	(298,098)	(1,329,839)
	18,357	18,357		19,721	19,721	Rents		20,398	20,398
	18,777	18,777		22,015	22,015	RTB service charges & S20 works		23,231	23,231
	96,250	96,250		103,643	103,643	Other receivables		107,488	107,488
46,141		46,141	64,737		64,737	Long-term Debtors	45,027		45,027
28,641		28,641	27,556		27,556	Long-term Investments -FVPL	28,702		28,702
	30,468	30,468		11,381	11,381	Short-term Investments		-	-
74,782	163,852	238,634	92,293	156,760	249,053	Total Financial Assets at Amortised Cost unless otherwise stated above	73,729	151,117	224,846

The balances on both the non-current and current categories of financial liabilities does not include all elements of creditors. The full listing relating to creditors are detailed in Notes 33a & b.

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. The full listing relating to debtors are detailed in Notes 32a & b

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

Note 31b: Impairment (credit) losses on receivables

Reconciliation of Allowance for Credit Account (Provision for doubtful debts)	HFL Company loan debtor	Rent Debtors	Sundry Debtors	RTB and S20 Leaseholders	Parking Debtors	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2023	(22,737)	(16,970)	(12,262)	(996)	(19,951)	(72,916)
<i>Adjustment to prior year opening balance</i>						
Write-offs	-	834	4,457	-	2,875	8,166
Set up/Release	-	(1,046)	(901)	-	(5,052)	(6,999)
Balance as at 31 March 2024	(22,737)	(17,182)	(8,706)	(996)	(22,128)	(71,749)
<i>Adjustment to prior year opening balance</i>						
Write-offs	-	1,988	227	-	14,135	16,350
Set up/Release	(36,364)	(2,725)	(348)	-	(27,654)	(67,091)
Balance as at 31 March 2025	(59,101)	(17,919)	(8,827)	(996)	(35,647)	(122,490)

Note 31c: Income, Expense, Gains and Losses

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

31-March-2024		31-March-2025
£'000		£'000
(3,817)	Interest Receivable	(3,381)
44,172	Interest Payable	50,953
6,999	Impairment Loss on financial assets	67,091
47,354	Total	114,663

Note 31c (i): Group Income, Expense, Gains and Losses

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

31-March-2024		31-March-2025
£'000		£'000
(974)	Interest Receivable	-
44,255	Interest Payable	52,670
6,999	Impairment Loss on financial assets	30,729
50,280	Total	83,399

Note 31d: 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 new loan interest rates. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Link Asset Services. This valuation applies the net present value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date.

As the New Loan rate borrowing comparison would not reflect the effect of the penalty charge that PWLB would raise on early repayment of debt, a supplementary measure of the fair value has been assumed to be the PWLB Premature Repayment Rate under PWLB debt redemption procedures (£982m as at 31 March 2025)

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 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-2024			31-March-2025	
Carrying amount	Fair value		Carrying amount	Fair value
£'000	£'000		£'000	£'000
27,556	27,566	Financial assets – Resonance Fund investment	28,702	28,702
(926,256)	(895,199)	Financial liabilities – PWLB Debt*	(962,696)	(888,273)

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, but taken from observable market data. All PWLB loans are classified as level 2

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-2024	Unrealised gain	Market Value 31-March-2025
	£'000	£'000	£'000
Long Term Investment	27,566	1,136	28,702

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 £1,136k gain resulting from this valuation (valuation dated 31 March 2025) is recognised in Financing & Investment income / expenditure for 2024/25 in the CIES (£1,085k loss in 2023/24). 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.

Notes to the Accounts (General) (continued)

Note 31d: Fair Values of Assets and Liabilities (continued)

The fair value of the liabilities for PWLB debt is lower than the carrying amount because the council's portfolio of loans includes a number of fixed rate loans because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2025) arising from a commitment to pay interest to lenders lower than current market rates.

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.

Note 31e: 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 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.

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 2025 that this was likely to crystallise.

Expected Credit Loss

The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and securities. However, as required by the Code of Practice, the Council is required to calculate an Expected Credit Loss (ECL) for its financial assets, which reflects the expectation that future cash flows might be affected because the borrower could default on their obligations. The Council's investment assets are held with counterparties with very low historical rates of default. Using the 12-month ECL model, on 31 March 2025, the Council's investment assets of £1m had a calculated ECL of £1; the Council has deemed this immaterial for adjusting the carrying values of those assets.

The Council has a low credit risk arising from other financial assets. The Council has an investment in the Resonance Real Lettings Property Fund 2 which has a 9-year life and is expected to mature in January 2026. The principal purpose of the Fund is the purchase, development and letting of residential property in the Greater London area to reduce homelessness and provide more affordable/temporary accommodation for former homeless people or those at risk of homelessness. The investment delivers a cash yield and is deemed low risk as the investments are tied to specific properties; the Council is carrying the investments at fair value on its balance sheet.

Notes to the Accounts (General) (continued)

Note 31e: Nature and Extent of Risks Arising from Financial Instruments (continued)

Expected Credit Loss (continued)

Debtors are not subject to internal credit ratings and expected credit losses are calculated using provision matrices based on historical data for defaults. Impairments on receivables are outlined in note 31b.

For sundry, leaseholder, rent, parking and long-term debt, the council applies a simplified approach permitted under IFRS 9 and recognises a loss allowance equal to lifetime expected credit losses. The expected credit losses on these financial assets are estimated using a unique method for each service area based on their respective historical credit loss experience and adjusted for factors that are specific to each area, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date.

Market Risk

The Council is not exposed to any significant risks in terms of interest rate movements on its outstanding borrowing and investments. Most of the Council's borrowing is with the Public Works Loan Board on a fixed term and fixed interest basis. Based on the interest earned on the Council's investments during 2024-25, a 1% change in interest rates would change the interest receivable by £0.004m.

Note 31f: Term deposits with banks and financial institutions

31-March-2024	Term deposits with banks and financial institutions	31-March-2025
£'000		£'000
11,416	Investments with Banks *	-

*The 2023/24 figure for investments with banks includes cash and cash equivalents of £1,416k; excluding this balance, the value of investments with banks in 2023/24 would have been £10,000k.

The figure above shows the balance of the Council's investments with all banks and building societies at the balance sheet date. The Council's Treasury Management Strategy, as approved by the Full Council, sets out the lending limits that apply to various counterparties the Council can invest in, based on credit ratings, sovereign ratings, and asset size.

Note 31g: Analysis by Maturity

31-March-2024	Long Term & Short Term borrowings (Principal)	31-March-2025
£'000		£'000
187,365	Maturing in 1 to 10 years	380,027
40,846	Maturing in 10 to 20 years	40,846
78,411	Maturing in 20 to 30 years	87,951
189,634	Maturing in 30 to 40 years	180,094
440,000	Maturing in more than 40 years	440,000
936,256	Total	1,128,918

Note 32a: Long-Term Debtors

Restated 01-April-2023			31-March-2024				31-March-2025		
Council			Council				Council		
Gross	Impairment Allowance / ECL	Net	Gross	Impairment Allowance / ECL	Net		Gross	Impairment Allowance / ECL	Net
£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000
67,094	(22,737)	44,357	84,271	(22,737)	61,534	HFL Companies	82,591	(42,361)	40,230
1,683	-	1,683	1,594	-	1,594	Other HFL balances	1,684	-	1,684
-	-	-	-	-	-	Old Vic Theatre	1,750	-	1,750
101	-	101	725	-	725	Other Long Term Debtors	608	-	608
-	-	-	884	-	884	Sustainable Workspaces	755	-	755
68,878	(22,737)	46,141	87,474	(22,737)	64,737	Total	87,388	(42,361)	45,027
Group			Group			Group			
-	-	-	-	-	-	Old Vic Theatre	1,750	-	1,750
101	-	101	725	-	725	Other Long Term Debtors	608	-	608
-	-	-	884	-	884	Sustainable Workspaces	755	-	755
101	-	101	1,609	-	1,609	Total	3,113	-	3,113

Note 32b: Short-Term Debtors

Restated 01-April-2023			31-March-2024				31-March-2025		
Council			Council				Council		
Gross	Impairment Allowance / ECL	Net	Gross	Impairment Allowance / ECL	Net		Gross	Impairment Allowance / ECL	Net
£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000
338	-	338	550	-	550	BRS Crossrail	-	-	-
5,640	(2,169)	3,471	5,649	(1,865)	3,784	Court Costs	6,114	(2,663)	3,451
41,668	(20,274)	21,394	41,671	(22,740)	18,931	CTAX	46,686	(22,685)	24,001
9,094	-	9,094	18,412	-	18,412	Government Grants	19,102	-	19,102
29,309	(16,120)	13,189	30,539	(13,311)	17,228	Housing Benefit Overpayment	29,315	(16,324)	12,991
2,252	-	2,252	6,063	-	6,063	Loans - HFL	19,300	(16,740)	2,560
27,480	(480)	27,000	19,274	(395)	18,879	NNDR	15,431	(3,687)	11,744
35,003	(19,951)	15,052	47,725	(22,129)	25,596	Parking	53,950	(35,648)	18,302
2,273	-	2,273	3,488	-	3,488	Payments in Advance	3,728	-	3,728
-	-	-	-	-	-	Pension Fund	240	-	240
33,901	(16,967)	16,934	36,899	(17,179)	19,720	Rents	37,334	(17,913)	19,421
11,723	-	11,723	16,770	-	16,770	RTB Service Charges	18,983	(996)	17,987
7,859	-	7,859	5,245	-	5,245	Section 20	5,018	-	5,018
69,554	(12,262)	57,292	74,848	(8,705)	66,143	Sundry	89,413	(8,826)	80,587
12,802	-	12,802	21,745	-	21,745	VAT	20,811	-	20,811
3,221	-	3,221	2,352	-	2,352	Other	2,685	-	2,685
292,117	(88,222)	203,895	331,230	(86,324)	244,906	Total	368,110	(125,482)	242,628

Note 32b (i): Short-Term Debtors - Group

Restated 01-April-2023			31-March-2024				31-March-2025		
Group			Group				Group		
Gross	Impairment Allowance / ECL	Net	Gross	Impairment Allowance / ECL	Net		Gross	Impairment Allowance / ECL	Net
£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000
338	-	338	550		550	BRS Crossrail	-	-	-
5,640	(2,169)	3,471	5,649	(1,865)	3,784	Court Costs	6,114	(2,663)	3,451
41,668	(20,274)	21,394	41,671	(22,740)	18,931	CTAX	46,686	(22,685)	24,001
9,094		9,094	18,412		18,412	Government Grants	19,102	-	19,102
29,309	(16,120)	13,189	30,539	(13,311)	17,228	Housing Benefit Overpayment	29,315	(16,324)	12,991
27,480	(480)	27,000	19,274	(395)	18,879	NNDR	15,431	(3,687)	11,744
35,003	(19,951)	15,051	47,725	(22,129)	25,596	Parking	53,950	(35,648)	18,302
2,273		2,273	3,488	-	3,488	Payments in Advance	3,728	-	3,728
-		-	-	-	-	Pension Fund	240	-	240
33,901	(16,967)	16,934	36,899	(17,179)	19,720	Rents	37,334	(17,913)	19,421
11,723		11,723	16,770		16,770	RTB Service Charges	18,983	(996)	17,987
7,859		7,859	5,245		5,245	Section 20	5,018	-	5,018
69,554	(12,262)	57,293	74,848	(8,705)	66,143	Sundry	89,413	(8,826)	80,587
12,802		12,802	21,745		21,745	VAT	20,811	-	20,811
1,758	(41)	1,717	1,480	(47)	1,433	Other	3,283	(128)	3,155
288,400	(88,263)	200,138	324,295	(86,371)	237,924	Total	349,408	(108,870)	240,538

Note 33a: Long -Term Creditors

31-March-2024			31-March-2025	
£'000			£'000	
(70,699)	PFI/PPP - Long Term Creditors		(67,358)	
-	Lease		(1,687)	
(70,699)	Total		(69,045)	

Note 33b: Short-Term Creditors

31-March-2024			31-March-2025	
Council	Group		Council	Group
£'000	£'000		£'000	£'000
-	-	BRS Crossrail	(68)	(68)
(8,493)	(8,493)	Central Government Creditor (NNDR)	-	-
(8,013)	(8,013)	CTAX	(8,393)	(8,393)
4,057	4,057	GLA Creditor (NNDR)	-	-
(5,185)	(5,185)	Leasehold Service Charge, Accounts in Credit	(5,185)	(5,185)
(5,712)	(5,712)	NNDR Creditors	(5,108)	(5,108)
(6,721)	(6,721)	PAYE/NI	(7,149)	(7,149)
(36,694)	(36,694)	Pension Fund	-	-
(6,161)	(6,161)	Receipts in Advance	(8,810)	(8,810)
(16,503)	(16,503)	Rents	(17,766)	(17,766)
(86,727)	(95,684)	Sundry	(78,809)	(80,696)
(868)	(868)	Trust Fund	(989)	(989)
-	-	VAT	-	-
(11,722)	(11,722)	Other	(10,402)	(10,402)
(188,742)	(197,699)	Total	(142,679)	(144,566)

The difference between the Group and Council short-term debtor balances is primarily attributable to the elimination of loans made to HFL intercompany creditors during the consolidation process.

Note 34: Revenue Grants Receipts in Advance

31-March-2024		31-March-2025
£'000		£'000
(30)	Additional Grant for Schools	191
(777)	Adult and Community Learning	(884)
(361)	Community Discharge Grant	(221)
(6,500)	COVID-19 Additional Relief Fund (CARF)	(12)
(834)	COVID-19 CEV Support Funding	-
(710)	Covid Catchup Premium - Schools	(312)
(532)	Childcare Reform	(10)
(427)	Dedicated Schools Grant	(585)
-	DfE - Working Together And National Framework	(1,629)
-	Early Years Supplementary Grant	(502)
(3,622)	Homes for Ukraine	(3,410)
(3,838)	Local Digital Fund	(3,412)
(44)	National Leisure Recovery Fund	(44)
(440)	Rough Sleeping Grant	(549)
(3,037)	S31 NDR Retail Relief	(3,953)
(583)	UKSPF - Communities & Places	7
(352)	TFL Grant	-
-	Virtual School Head	(617)
-	Wraparound Childcare	(551)
(5,502)	Government Grants (under £500k)	(4,026)
(27,589)	Government Grants Subtotal	(20,519)
(305)	Non-Government Grants	(411)
(27,894)	Total Revenue Grant Receipts in Advance	(20,930)

Note 35: Debtors for Local Taxation

31-March-2024					31-March-2025			
Lambeth	GLA	Central Government	Total		Lambeth	GLA	Central Government	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				Under 1 year				
8,892	3,012	-	11,904	Council Tax	9,164	2,990	-	12,154
578	713	636	1,927	Non-domestic rates	1,393	1,717	1,532	4,642
				Over 1 year				
8,241	2,791	-	11,032	Council Tax	18,843	6,148	-	24,991
5,735	7,073	6,308	19,116	Non-domestic rates	1,751	2,159	1,926	5,836
23,446	13,589	6,944	43,979	Closing balance	31,151	13,014	3,458	47,623

Note 36: Capital Grant Receipts in Advance

The Council 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-2024		31-March-2025
£'000		£'000
(46,434)	Developers' contribution	(25,811)
(10,416)	Standard Fund	(8,454)
(8,971)	Greater London Authority	(9,155)
(4,626)	Ministry of Housing, Communities & Local Government	(5,455)
(6,655)	Other Grant	(4,807)
(77,102)	CURRENT LIABILITIES	(53,682)
(10,671)	Developers' contribution	(36,926)
(220)	Standard Fund	(236)
(448)	Greater London Authority	(448)
(80)	Ministry of Housing, Communities & Local Government	-
(915)	Other Grant	(1,185)
(12,334)	NON-CURRENT LIABILITIES	(38,795)
(89,436)	Total Capital Grants Receipts in Advance	(92,477)

Note 37a: IFRS 16 Leases – Council as Lessee

In 2024/25, the Council applied IFRS 16 Leases as required by the Code of Practice for Local Council Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items that can be swapped or duplicated are exempt from the new arrangements, which are shown in this note. This has led to a reduction in operating leases compared to the previous year. Please see note 37c for the leases where IFRS16 has been applied.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures, on transition to IFRS 16 on 1 April 2024, and based on the minimum lease payments outstanding as at 31 March 2024, the transition has resulted in the recognition of liabilities and assets of £1.7m on the Balance Sheet based on the weighted average incremental borrowing rate of 4.90%. Finance lease assets of £45.7m that were recognised under the previous standard are now recognised as right of use assets on transition.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the council's incremental borrowing rate at that date, dependent on the term remaining as at 1 April 2024.
- multiple discount rates has been applied to portfolios of leases depending on the remaining life of the lease.
- Right-of-use assets are measured at the amount of the lease liability.

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

Minimum Lease Payments	31-March-2024	31-March-2025
	£'000	£'000
Not later than one year	544	192
Later than one year and not later than five years	319	769
Later than five years	753	1,109
Total	1,616	2,070

Notes to the Accounts (General) (continued)

Note 37a: IFRS 16 Leases – Council as Lessee (continued)

Lease liabilities (net present value of minimum lease payments):	31-March-2025
	£'000
Not later than one year	192
Later than one year and not later than five years	465
Later than five years	1,030
Total	1,687

Transactions under Leases

Comprehensive Income and expenditure statement	31-March-2025
	£'000
Interest on lease liabilities	73
Expense related to exempt Lease arrangements	594
Total	667

Cashflow Statement	
Total Cash Outflows	786
Total	786

The additional interest cost related to implementation of IFRS 16 has increased by £73k, there are no contingent rents associated with these leases

Note 37b: IFRS 16 Leases – Council 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 £1.98m (£2.01m in 2023/24), represents future minimum lease payments, with no anticipated residual values at the end of the lease term (unchanged from 2023/24).

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

31-March-2024			31-March-2025	
Gross Investment in the Lease	Minimum Lease Payments		Gross Investment in the Lease	Minimum Lease Payments
£'000	£'000		£'000	£'000
30	6	Not later than one year	30	6
119	20	Later than one year and not later than five years	119	19
1,866	62	Later than five years	1,836	58
2,015	88	Total	1,985	83

Of the total of £1,984k, the element of unearned finance income was £1,572k, with £411k going towards repayment of the lease debtor (£2,015k and £412k in 2023/24). 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-2024			31-March-2025
£'000			£'000
6,469	Not later than one year	6,998	
5,686	One to Two Years	6,263	
5,067	Two to Three Years	5,189	
4,447	Three to Four Years	4,497	
3,888	Four to Five Years	3,998	
31,852	Later than five years	27,696	
57,409	Total	54,641	

The increase in future minimum lease payments not later than 5 years is due to a change in the number of long term leases renewed, and the decrease in payments later than 5 years is due to the revision of the lease end date on one lease.

There were no contingent rent relating to these arrangements in the year

Note 37c: Impact of Lease change in accounting policy on financial statements line

Impact on Balance Sheet	£'000
Increase in ROU Asset - Transition	(1,687)
Increase in Lease Liability - Transition	1,687
Revaluation of ROU asset	(2,800)
Impact on balance sheet (excluding reserves) as at 31 March 2025	(2,800)
Impact on CIES	£'000
Increase in interest arising on Lease liability	73
Revaluation of ROU assets	2,800
Statutory override for revaluation of ROU assets	(2,800)
Impact on CIES as at 31 March 2025	73
Impact on Movement in Reserves Statement	£'000
Statutory override for revaluation of ROU assets	2,800
Change in minimum revenue provision (GF)	119
Change in minimum revenue provision (CAA)	(119)
Net impact on 2024-25 CIES	73
Impact on reserves as at 31 March 2025	2,873
Impact on Cashflow Statement	£'000
Change in cashflows for Capital element of Lease Liability	73
Change in cashflows for financing element of Lease Liability	(73)
Net Impact on cashflows from financing activities as at 31 March 2025	-

Note 38a: IFRIC 12 – Service Concession Arrangements (including PFI / PPP contracts)

The council has recognised four contracts on its Balance Sheet:

Norwood Hall Norwood Hall is a PFI that started in June 2014 and £8.8m of new asset were recognized accordingly. £1.41m of payments were made in 2024/25. 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 2024/25 totalling £3.79m. 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 2024/25 amounted to £2.75m and the contract will run until 2031. The council will take full ownership of all created and refurbished lighting at the end of the contract.

Myatt's Field North Estate has been transformed with the construction of 305 new build homes (247 Rented and 58 Leasehold properties), plus refurbishment of 172 existing homes both rented and leasehold (total 477 homes). This project also includes 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 2024/25 were £11.60m.

Note 38b: The value and movement of assets held under PFI and similar contracts.

	Lilian Baylis	Norwood Hall	Lambeth Lighting	Myatts Field North	Total
	£'000	£'000	£'000	£'000	£'000
01-April-2024	42,417	27,653	11,285	41,366	122,721
Additions	(753)	2,979	485	1,797	4,508
Revaluations	-	(12,672)	-	1,095	(11,577)
Depreciation	(548)	(454)	(434)	(480)	(1,916)
Disposals	-	-	-	(120)	(120)
31-March-2025	41,116	17,506	11,336	43,658	113,616

	Lilian Baylis	Norwood Hall	Lambeth Lighting	Myatts Field North	Total
	£'000	£'000	£'000	£'000	£'000
01-April-2023	28,709	28,106	11,698	45,311	113,824
Additions	382	-	20	28	430
Reclassifications / Other	-	-	-	(1,039)	(1,039)
Revaluations	13,786	-	-	(2,404)	11,382
Depreciation	(460)	(454)	(433)	(529)	(1,876)
Disposals	-	-	-	-	-
31-March-2024	42,417	27,652	11,285	41,367	122,721

Note 38c: The value and movement of outstanding liabilities resulting from PFI, leases and similar contracts at each Balance Sheet date.

	Lilian Baylis	Norwood Hall	Lambeth Lighting	Myatts Field North	Total
	£'000	£'000	£'000	£'000	£'000
01-April-2024	(6,116)	(6,090)	(3,774)	(60,119)	(76,099)
IFRS16 opening Adjustment	1,130	(2,942)	(317)	(1,797)	(3,926)
Liability in year	-	-	-	-	-
Payments in year	1,110	461	794	4,238	6,603
31-March-2025	(3,876)	(8,571)	(3,297)	(57,678)	(73,422)

In 2024/25, the council applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. For the PFI schemes this means the PFI Models have been restated to be IFRS16 compliant. This has resulted in an increase in overall PFI Lease Liability of £3.93m (£534k related 24/25). The change has been indicated in the note as the IFRS 16 Adjustment. Unlike the IFRS16 Leases, the PFI schemes remain in the asset category they were previously and have not been reclassified as Right of Use assets.

Note 38d: Details of payments due to be made under PFI, leases and similar contracts
(separated into repayments of liability, interest and service charges) as at 31 March 2025 are set out in the table below.

Lilian Baylis 31 March 2025

	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Within 1 Year	1,215	423	934	2,572
2-5 Years	1,321	276	905	2,502
6-10 Years	1,340	221	2,414	3,975
Total	3,876	920	4,253	9,049

Lambeth Lighting 31 March 2025

	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Within 1 Year	590	191	2,175	2,956
1-2 Years	589	312	2,175	3,076
3-5 Years	1,742	18	6,526	8,286
Over 5 Years	376	-	1,453	1,829
Total	3,297	521	12,329	16,147

Myatt's Field 31 March 2025

	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Within 1 Year	3,754	3,402	4,717	11,873
1-2 Years	3,893	3,174	4,806	11,873
3-5 Years	11,745	8,106	15,767	35,618
Over 5 Years	38,287	9,796	36,142	84,225
Total	57,679	24,478	61,432	143,589

Norwood Hall 31 March 2025

	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Within 1 Year	506	673	296	1,475
1-2 Years	534	634	307	1,475
3-5 Years	1,439	1,644	1,256	4,339
Over 5 Years	6,093	2,723	3,910	12,726
Total	8,572	5,674	5,769	20,015

Note 38d: Details of payments due to be made under PFI, leases and similar contracts

(separated into repayments of liability, interest and service charges) as at 31 March 2025 are set out in the table below.

31-March-2025	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Payable within 2025/26	6,065	4,689	8,122	18,876
Payable within 2 to 5 years	21,263	14,164	31,742	67,169
Payable within 6-10 year	46,096	12,740	43,919	102,755
Total	73,424	31,593	83,783	188,800

31-March-2024	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Payable within 2024/25	5,399	6,540	6,326	18,265
Payable within 2 to 5 years	22,628	22,370	30,231	75,229
Payable within 6-10 year	25,795	14,400	35,794	75,989
Payable within 11-20 year	22,277	7,484	19,055	48,816
Total	76,099	50,794	91,406	218,299

Note 38e: Impact of PFI change in accounting policy on financial statements line

IFRS16 PFI Impact on Balance Sheet	£'000
Increase in PFI Right of Use Asset - Transition	3,926
Increase in PFI Lease Liability - Transition	(3,926)
Revaluation of Right of use asset	(11,577)
Impact on balance sheet (excluding reserves) as at 31 March 2025	(11,577)
Impact on CIES	£'000
Increase in interest arising on Lease liability	(1,364)
Reduction in contingent rent	1,531
Revaluation of ROU assets	11,577
Statutory override for revaluation of ROU assets	(11,577)
Impact on CIES as at 31 March 2025	167
Impact on Movement in Reserves Statement	£'000
Statutory override for revaluation of ROU assets	11,577
Increase in minimum revenue (GF)	167
Increase in minimum revenue (CAA)	(167)
Net impact on 2024-25 CIES	167
Impact on reserves as at 31 March 2025	11,744
Impact on Cashflow Statement	£'000
Increase in cashflows for Capital element of Lease Liability	167
Decreases in cashflows for financing element of Lease Liability	(167)
Net Impact on cashflows from financing activities	-

Note 39: Provisions

	Balance at 31-March-2024	Additional provision	Amounts Utilised	Amounts Released	Balance at 31-March-2025
	£'000	£'000	£'000	£'000	£'000
Insurance Fund GF	(4,348)	(528)	-	1,142	(3,734)
NNDR Provision for Appeals	(1,728)	-	827	-	(901)
Tax & VAT Assessments	(285)	-	-	-	(285)
Small Provisions	(15)	(56)	-	-	(71)
Legal Dispute Provision	(804)	(1,983)	-	-	(2,787)
Redress Scheme	(14,556)	-	9,830	4,726	-
ASC PY Invoice Provision	-	(2,368)	-	-	(2,368)
Sub-Total GF Provisions	(21,736)	(4,935)	10,657	5,868	(10,146)
Insurance Fund HRA	(2,336)	(911)	911	-	(2,336)
HRA Litigation Provision	(500)	(7,906)	-	-	(8,406)
Sub-Total HRA Provisions	(2,836)	(8,817)	911	-	(10,742)
Total Council Provisions	(24,572)	(13,752)	11,568	5,868	(20,888)

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

- **The Insurance Fund**

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**

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**

Note 22 - part where it says redress, please say The council has setup a provision to fund payments made under the Redress scheme pertaining to historic child sexual abuse. The scheme ran until 1 January 2022.

- **ASC PY Invoice Provision**

The provision comprises amounts relating to invoices settled in 2024–25 for expenditure incurred during the financial years 2018–19 to 2022–23, together with adjustments for the under-accrual of Mosaic and Home Care costs in 2023–24.

- **Disputes**

These matters involve a limited number of legal cases. While the timing and amount of any associated payments remain uncertain, settlement is anticipated within twelve months.

Note 39: Provisions (continued)

- HRA Litigation Provision

The Council has made provision for disrepair claims relating to its housing stock. A backlog of disrepair cases is resulting in successful litigation against the Council. There are claims that have not been resolved at the end of 2024/25 that are likely to be successful and an average payment from similar cases has been used to calculate the provision.

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

2024/25	Current Liabilities	Non Current Liabilities		Balance at 31-March-2025
	Less than one year	Between one year and five years	Greater than five years	
	£'000	£'000	£'000	
Insurance Fund Provision - GF	478	(4,212)	-	(3,734)
NNDR Provision For Appeals	(901)	-	-	(901)
Tax & Vat Assessments Due	(285)	-	-	(285)
Small Provisions - Development Management Provision	(71)	-	-	(71)
Legal Dispute Provision	(2,787)	-	-	(2,787)
ASC PY Invoice Provision	-	(2,368)	-	(2,368)
Sub-Total GF Provisions	(3,566)	(6,580)	-	(10,146)
Insurance Fund HRA	(235)	(2,101)	-	(2,336)
HRA Litigation Provision	(7,906)	(500)	-	(8,406)
Sub-Total HRA Provisions	(8,141)	(2,601)	-	(10,742)
Total Council Provisions	(11,707)	(9,181)	-	(20,888)

2023/24	Current Liabilities	Non Current Liabilities		Balance at 31-March-2025
	Less than one year	Between one year and five years	Greater than five years	
	£'000	£'000	£'000	
Insurance Fund Provision - GF	(136)	(4,212)	-	(4,348)
NNDR Provision For Appeals	(1,728)	-	-	(1,728)
Tax & Vat Assessments Due	(285)	-	-	(285)
Small Provisions - Development Management Provision	(15)	-	-	(15)
Legal Dispute Provision	(804)	-	-	(804)
Redress Scheme Provision	(14,556)	-	-	(14,556)
Sub-Total GF Provisions	(17,524)	(4,212)	-	(21,736)
Insurance Fund HRA	(235)	(2,101)	-	(2,336)
HRA Litigation Provision	-	(200)	(300)	(500)
Sub-Total HRA Provisions	(235)	(2,301)	(300)	(2,836)
Total Council Provisions	(17,759)	(6,513)	(300)	(24,572)

Note 40: 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.

Note 41: 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 council 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 2024/25 the council paid £21.6m to the TPA (£17.1m in 2023/24), representing 28.68% of pensionable pay (23.68% in 2023/24). The contributions due to be paid in the next financial year are estimated to be £22.5m in 2025/26 or 28.68% of pensionable pay. For 2024/25 the council made contributions to the NHS Pension Scheme of £0.057m (£0.05m in 2023/24). The contributions due to be paid to the NHS Pension Scheme in the next financial year are estimated to be £0.047m in 2024/25.

Note 42a: 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 Council. 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.

Note 42b: Net Defined Benefit Pension Scheme liabilities / assets

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 2025.

2023/24						2024/25				
Scheme Assets	Pensions Obligations	Net Asset / Liability	Asset Ceiling	IAS19 Net Pension Asset/ (Liability)		Scheme Assets	Pensions Obligations	Net Asset / Liability	Asset Ceiling	IAS19 Net Pension Asset/ (Liability)
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,730,655	(1,807,108)	(76,453)	(39,870)	(116,323)	Opening Balance at 1 April	1,820,941	(1,813,332)	7,609	(146,999)	(139,390)
1,820,941	(1,813,332)	7,609	(146,999)	(139,390)	Closing Balance at 31 March	1,822,222	(1,574,205)	248,017	(50,425)	197,592

Note 42b: Net Defined Benefit Pension Scheme liabilities (continued)

2023/24				2024/25		
Scheme Assets	Pensions Obligations	Asset Ceiling		Scheme Assets	Pensions Obligations	Asset Ceiling
£'000	£'000	£'000		£'000	£'000	£'000
1,730,655	(1,807,108)	(39,870)	Opening Balance at 1 April	1,820,941	(1,813,332)	(146,999)
-	(34,518)	-	Current Service Cost	-	(37,003)	-
-	(84)	-	Past Service cost and gains/losses on curtailments	-	(1,220)	-
81,450	(84,704)	-	Interest Income and Expense	86,888	(86,150)	(7,079)
			Admin Expense:	(26)	26	-
(95,490)	95,490	-	- Retirement Grants and Pensions	(86,693)	86,693	-
-	-	-	- Settlements	-	-	-
(14,040)	(23,816)	-	Total post employment benefit charged to the (surplus)/deficit on provision of services	169	(37,654)	(7,079)
			Remeasurements			
42,880	-	-	- Return on Plan Assets	(64,374)	-	-
-	12,593	-	- Actuarial Gains and Losses arising from changes in demographic assumptions	-	3,192	-
-	75,527	-	- Actuarial Gains and Losses from changes in Financial Assumptions	-	263,952	-
-	(58,881)	-	- Experience loss /(gain) on defined benefit obligation	-	22,277	-
-	-	(107,129)	Changes in the effect of the Asset Ceiling	-	-	103,653
42,880	29,239	(107,129)	Post-Employment Benefits Charged to other Comprehensive Income and Expenditure Statement	(64,374)	289,421	103,653
			Contributions			
49,799	-	-	- The Council	52,846	-	-
11,647	(11,647)	-	- Employees	12,640	(12,640)	-
61,446	(11,647)	-	Employers contributions payable to scheme	65,486	(12,640)	-
1,820,941	(1,813,332)	(146,999)	Closing Balance at 31 March	1,822,222	(1,574,205)	(50,425)

The effect of the asset ceiling has been determined by the schemes actuaries on the basis of the limitation on the Council's ability to recover the full economic benefit of its assets through reductions in future employer's contributions because of the minimum funding requirement imposed on it by the funding strategy for the schemes in place at 31 March 2025.

The Scheme actuaries have assessed the Council's estimated future service costs less the estimated minimum funding requirement contributions to establish the economic benefit that is available to the Council. The net pensions asset has therefore been adjusted by this effect of the asset ceiling. The total pre-asset ceiling adjustment position across the Council's pension schemes is an asset of £248m (2023/24: £7.61m); the post-adjustment position is an asset of £197.59m (2023/24: £139m).

Note 42c: 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	
	2023/24	2024/25	2023/24	2024/25
Longevity at 65 for current pensioners:				
<i>Men</i>	19.9 years	19.9 years	21.0 years	21.0 years
Women	23.2 years	23.2 years	23.8 years	23.8 years
Longevity at 65 for future pensioners:				
Men	21.1 years	21.1 years	22.5 years	22.4 years
<i>Women</i>	24.5 years	24.5 years	25.4 years	25.4 years
Rate of increase in salaries	3.95%	3.90%	3.30%	3.30%
Rate of increase in pensions (CPI)	2.95%	2.90%	2.80%	2.80%
Rate for discounting scheme liabilities	4.85%	5.65%	4.80%	5.80%

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

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.

Note 42d: Defined Benefit Pension Scheme assets

31-March-2024		LPFA Employer Asset Share – Bid Value	31-March-2025	
£'000	%		£'000	%
55,426	61	Equities	53,386	59
-	-	LDI/Cashflow matching	-	-
15,792	17	Target Return Portfolio	16,438	18
10,516	11	Infrastructure	10,324	11
-	-	Commodities	-	-
8,374	9	Property	8,249	9
1,434	2	Cash	2,116	2
91,542	100	Total	90,513	100

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

31-March-2024		LBL Pension Fund Employer Asset Share – Bid Value	31-March-2025	
£'000	%		£'000	%
Equity Securities				
212,421	12	Consumer	229,165	13
98,979	6	Manufacturing	76,092	4
34,928	2	Energy and Utilities	30,395	2
246,857	14	Financial Institutions	156,447	9
90,025	5	Health & Care	88,999	5
284,441	16	Information Technology	275,951	16
146,796	8	Other	233,152	13
Debt Securities				
-	-	UK Government	-	-
247,939	14	Other	207,813	12
52,146	3	Private Equity	41,413	2
42,996	2	Real Estate - UK Property	53,098	3
103,997	6	Real Estate - Overseas Property	95,072	5
Investment Funds and Unit Trusts				
-	-	Equities	-	-
-	-	Bonds	-	-
-	-	Hedge Funds	-	-
143,254	8	Other	206,317	12
24,597	1	Cash and Cash Equivalents	37,767	2
1,729,376	100	Total	1,731,682	100

Notes to the Accounts (General) (continued)

Note 42d: Defined Benefit Pension Scheme assets (continued)

The Council's position has changed from a net pension liability to a net pension asset in the year. The council's obligations are an estimate, based on the best evidence that the actuaries have at 31st March 2025.

The council's agreed strategy with the actuary is to achieve a funding level of 100% over 20 years (March 31st 2033). 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 2026 will be approximately £45.8m.

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.

Note 42e: Transactions relating to retirement benefits

2023/24	Comprehensive Income and Expenditure Statement	2024/25
£'000		£'000
	Cost of Services	
(34,518)	Current Service Cost	(37,003)
(84)	Past Service cost and (gains)/losses on curtailments	(1,220)
-	- Effect of settlements	-
	Other Operating (income)/expenditure	
-	- Admin Expense	-
	Financing and Investment Income and Expenditure	
(3,254)	Interest Income and Expense (Net)	(6,341)
(37,856)	Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	(44,564)
	Re-measurements of the Net Defined Benefit Liability	
42,880	Return on Plan Assets	(64,374)
-	- Other actuarial (gains) and losses on assets	-
75,527	Actuarial (Gains) and Losses from changes in Financial Assumptions	263,952
12,593	Actuarial (Gains) and Losses arising from changes in demographic assumptions	3,192
(58,881)	Experience Adjustments	22,277
(107,129)	Changes in the effect of the Asset Ceiling	103,653
(35,010)	Total Re-measurements Recognised in CIES	328,700
(72,866)	Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	284,136

Note 43: 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.

2023/24 £'000	Comprehensive Income and Expenditure Statement	2024/25 £'000
(8,824)	Monies Held on behalf of adult care clients	(9,752)
(14)	Monies Held on behalf of children in care	(4)
(317)	Wellington Mills - Housing Co-operative	(5)
(610)	Others*	(673)
(9,765)	Total	(10,434)

*This figure includes estates of persons formerly in care, funds for prizes, donations to Asylum Seekers, outings and other activities for children in care.

NOTES TO THE CASH FLOW STATEMENT

Note 44: Investing Activities

Council	Group		Council	Group
2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
146,293	146,294	Purchase of property, plant and equipment, investment property and intangible assets	128,358	137,108
80,000	80,000	Purchase of short-term and long-term investments	-	-
24,946	-	Other payments for investing activities	13,738	1,772
(11,032)	(11,032)	Proceeds from the sale of property, plant and equipment and intangible assets	(22,262)	(22,262)
-	-	Proceeds from short-term and long-term investments	(10,000)	(10,000)
(51,493)	(44,619)	Other receipts from investing activities	(52,279)	(41,954)
188,714	170,643	Net cash flows from investing activities	57,555	64,664

Note 45: Financing Activities

Council	Group		Council	Group
2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
(225,000)	(225,000)	Cash receipts of short and long-term borrowing	(337,000)	(337,000)
-	-	Council Tax and NNDR adjustments	-	-
5,091	5,091	Cash payments for the reduction of the outstanding liabilities relating to leases and on-balance sheet PFI contracts	6,604	6,604
-	-	Repayments of short- and long-term borrowing	144,338	144,338
91,411	91,411	Other Investing Activities	(3,324)	(3,324)
(128,498)	(128,498)	Net cash flows from investing activities	(189,382)	(189,382)

Note 46: Operating Activities (Interest)

The cash flows for operating activities include the following items

Council	Group		Council	Group
2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
(313)	(313)	Interest received	(4,776)	(1,394)
2,228	2,228	Interest paid	49,443	46,537
1,915	1,915	Total	44,667	45,143

NOTES TO THE CASH FLOW STATEMENT (continued)

Note 46a: Operating Activities (Detail)

Council	Group		Council	Group	
2023/24	2023/24		2024/25	2024/25	
£'000	£'000		£'000	£'000	Note
63,121	73,488	Net (surplus) or deficit on the provision of services	102,431	68,678	
		<i>Adjust net surplus or deficit on the provision of services for non-cash movements</i>			
(65,052)	(65,778)	Depreciation and amortisation	(69,961)	(70,550)	
(43,763)	(43,763)	Impairment and revaluations	(36,843)	(37,004)	
(1,085)	(1,085)	Impairment (loss)/gain on investments	-	-	
(16,829)	5,431	(Increase)/Decrease in Creditors	55,507	57,954	
41,241	24,061	Increase/(Decrease) in Debtors	(3,672)	1,218	
(15)	(15)	Increase/(Decrease) in Inventories	2	21	
17,422	17,422	Contributions (to)/from Provisions	-	-	
11,943	11,943	Movement in pension liability	8,282	8,282	
(4,740)	(4,740)	Carrying amount of non-current assets sold (property plant and equipment, investment property and intangible assets)	(7,466)	(7,466)	
227	2,655	Other non-cash items charged to the net surplus or deficit on the provision of services	(14,509)	5,145	
(60,651)	(53,869)		(68,660)	(42,400)	
		<i>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</i>			
(99,000)	(99,000)	Net adjustment from the sale of short and long term investments	-	-	
11,032	11,032	Proceeds from the sale of property plant and equipment, investment property and intangible assets	22,261	22,261	
37,908	37,908	Any other items for which the cash effects are investing or financing cash flows	38,835	38,835	
(50,060)	(50,060)	Net Cash Flows from Operating Activities	61,096	61,096	
188,713	170,641	Investing Activities	57,555	64,664	44
(128,498)	(128,498)	Financing Activities	(189,382)	(189,382)	45
12,625	11,702	Net (increase) or decrease in cash and cash equivalents	(36,960)	(37,344)	
20,118	24,345	Cash and cash equivalents at the beginning of the reporting period	7,493	12,643	
7,493	12,643	Cash and cash equivalents at the end of the reporting period	44,453	49,987	

Note 47: Cash and Cash Equivalents

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

Council	Group		Council	Group
2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
(147)	(147)	Cash held by the Council	55	55
7,224	12,373	Bank current accounts in current assets	42,965	48,499
416	416	Short-term deposits with banks	1,433	1,433
7,493	12,642	Total Cash and Cash Equivalents	44,453	49,987

Note 48: Reconciliation of Liabilities Arising from Financing Activities

	Balance at 31-March-2024	Financing Cash Flows	Other non-cash changes	Balance at 31-March-2025
	£'000	£'000	£'000	£'000
Borrowings	(946,057)	(192,662)	(1,510)	(1,140,229)
Leases	-	-	(1,686)	(1,686)
On balance sheet PFI liabilities	(76,098)	6,604	(3,930)	(73,424)
Total liabilities from financing activities	(1,022,155)	(186,058)	(7,126)	(1,215,339)

Note 49a: Prior Year Adjustments - Single Entity

Borrowing – The Council had incorrectly included in its long-term borrowing figure, principal amounts of long-term loans maturing within 12 months of the year-end, resulting in misstatement of both long and short-term borrowing. This occurred in 2022/23 (£6.4m) as well as 2023/24 (£117.9m). As these were material errors, a prior period adjustment has been processed.

Adjustments to Expected Credit Losses – These were incorrectly recognised in Cost of Services, leading to a material misstatement of £7.0m. These have now been moved to the Impairments on Receivables line in Financing and Investment Income and Expenditure below Cost of Services, in accordance with the Code.

The detail below shows the adjustments to the opening balances and movements of the previous reporting period:

Effect on Balance Sheet 1 April 2023	1 April 2023 Balance as previously stated	Borrowing - Long / Short-Term Split	Expected Credit Losses	1 April 2023 Balance restated
	£'000	£'000	£'000	£'000
Short-term Borrowing	(57,574)	(6,411)	-	63,985
Current Liabilities	(349,371)	(6,411)	-	355,782
Long Term Borrowing	(752,666)	6,411	-	746,255
Long-term Liabilities	(979,753)	6,411	-	973,342

Effect on Comprehensive Income and Expenditure Statement 2023/24	2023/24 as previously stated	Borrowing - Long / Short-Term Split	Expected Credit Losses	2023/24 Restated
	£'000	£'000	£'000	£'000
Climate & Inclusive Growth - Gross Expenditure	19,023	-	(40)	(18,983)
Climate & Inclusive Growth - Net Expenditure	4,111	-	(40)	(4,071)
Corporate Items - Gross Expenditure	15,763	-	432	(16,195)
Corporate Items - Net Expenditure	11,714	-	432	(12,146)
Finance and Governance - Gross Expenditure	52,059	-	(1,117)	(50,942)
Finance and Governance - Net Expenditure	27,746	-	(1,117)	(26,629)
Housing Services - Gross Expenditure	86,886	-	(906)	(85,980)
Housing Services - Net Expenditure	37,706	-	(906)	(36,800)
Housing Revenue Account - Gross Expenditure	226,866	-	(457)	(226,409)
Housing Revenue Account - Net Expenditure	17,648	-	(457)	(17,191)
Resident & Enabling Services - Gross Expenditure	357,545	-	(4,911)	(352,634)
Resident & Enabling Services - Net Expenditure	73,374	-	(4,911)	(68,463)
Cost of Services - Gross Expenditure	1,463,545	-	(6,999)	(1,456,546)
Cost of Services - Net Expenditure	429,938	-	(6,999)	(422,939)
Impairments on Receivables - Gross Expenditure	-	-	6,999	(6,999)
Impairments on Receivables - Net Expenditure	-	-	6,999	(6,999)
Financing and investment income and expenditure - Gross	48,511	-	6,999	(55,510)
Financing and investment income and expenditure - Net	44,694	-	6,999	(51,693)

Notes to the Accounts (General) (continued)

Note 49a: Prior Year Adjustments - Single Entity (continued)

The detail below shows the adjustments to the opening balances and movements of the previous reporting period:

Effect on Balance Sheet 31 March 2024	31 March 2024 Balance as previously stated	Borrowing - Long / Short-Term Split	Expected Credit Losses	31 March 2024 Balance restated
	£'000	£'000	£'000	£'000
Short-term Borrowing	(19,801)	(124,300)	-	(144,101)
Current Liabilities	(331,297)	(124,300)	-	(455,597)
Long Term Borrowing	(926,256)	124,300	-	(801,956)
Long-term Liabilities	(1,155,493)	124,300	-	(1,031,193)

Note 49b: Prior Year Adjustments - Group

The Council's subsidiary accounts had been consolidated into its group accounts without first aligning the accounting policies with those of the group. This occurred in the following areas:

- **Asset valuations** – Assets in the Council's subsidiary companies had been carried at their historic cost instead of their current values, resulting in an understatement of £27.6m in 2022/23 and a further understatement of £4.4m in 2023/24 totalling of £32.0m.
- **Capital grants** – In the subsidiary accounts these were held as creditors and amortised to the Profit & Loss account over the life of the asset financed by the grant. Within the group, the grants, once conditions were met, should have been immediately recognised in full in the Comprehensive Income and Expenditure Statement (CIES) and reversed through the Movement in Reserves Statement (MIRS) to the Capital Adjustment Account. This was not done correctly in previous years, leading to an understatement of £1.0m in the group reserves in 2022/23 and a further understatement of £3.2m in 2023/24 totalling of £4.2m.

Intercompany balances were not properly agreed between the parent and the subsidiary companies, leading to a misstatement of £39.3m in the 2023/24 group MIRS.

Intracompany corrections within the HfL group of companies were not properly agreed. An impairment of loan balances in HfL Group Ltd was not recognised by the other borrowing companies leading to a misstatement of £23.2m.

Expected credit losses in 2022/23 of £22.7m were recognised in the Council's accounts. A corresponding technical accounting adjustment was not processed in consolidating the accounts, resulting in a mismatch.

Note 49b: Prior Year Adjustments - Group (continued)

The detail below shows the adjustments to the opening balances and movements of the previous reporting period:

Effect on Balance Sheet 1 April 2023	1 April 2023	SINGLE ENTITY	SINGLE ENTITY	GROUP	GROUP	GROUP	GROUP	GROUP
	Balance as previously stated	Borrowing - Long / Short-Term Split	Expected Credit Losses	PPE Revaluation	Capital Grants	Expected Credit Losses	Intercompany Adjustments	1 April 2023 Balance restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property, Plant and Equipment	4,174,915	-	-	27,635	-	-	(10,325)	4,192,225
Intangible Assets	6,166	-	-	-	-	-	(75)	6,091
Long-term Debtors	733	-	-	-	-	(44,357)	43,725	101
Total Long-term Assets	4,213,004	-	-	27,635	-	(44,357)	33,325	4,229,607
Inventories	77	-	-	-	-	-	39	116
Short term debtors	201,628	-	-	-	-	(2,252)	760	200,136
Current Tax Asset	301	-	-	-	-	-	(301)	-
Current Assets	256,819	-	-	-	-	(2,252)	498	255,065
Short-term Borrowing	(57,574)	(6,411)	-	-	-	-	-	(63,985)
Short-term Creditors	(182,854)	-	-	-	-	2,252	3,788	(176,814)
Grants Receipts in Advance – Capital	(54,900)	-	-	-	9	-	-	(54,891)
Current Liabilities	(357,318)	(6,411)	-	-	9	2,252	3,788	(357,680)
Long Term Creditors	(75,831)	-	-	-	-	-	89	(75,742)
Long Term Borrowing	(752,666)	6,411	-	-	-	67,094	(68,901)	(748,062)
Grants Receipts in Advance - Capital	(31,997)	-	-	-	960	-	-	(31,037)
Long-term Liabilities	(983,631)	6,411	-	-	960	67,094	(68,812)	(977,978)
Net Assets	3,128,874	-	-	27,635	969	22,737	(31,201)	3,149,014
General Fund	(69,043)	-	-	-	-	-	25,293	(43,750)
Housing Revenue Account	(8,637)	-	-	-	-	-	(159)	(8,796)
Total Usable Reserves	(337,364)	-	-	-	-	-	25,134	(312,230)
Revaluation Reserve	(1,139,766)	-	-	(27,860)	-	-	-	(1,167,626)
Capital Adjustment Account	(1,841,165)	-	-	695	(960)	(30,737)	612	(1,871,555)
Total Unusable Reserves	(2,821,795)	-	-	(27,165)	(960)	(30,737)	612	(2,880,045)
HFL Group Ltd Reserves	30,285	-	-	(470)	(9)	8,000	5,455	43,261
Total Reserves	(3,128,874)	-	-	(27,635)	(969)	(22,737)	31,201	(3,149,014)

Note 49b: Prior Year Adjustments - Group (continued)

The detail below shows the adjustments to the opening balances and movements of the previous reporting period:

Effect on Comprehensive Income and Expenditure Statement 2023/24	1 April 2023	SINGLE ENTITY	SINGLE ENTITY	GROUP	GROUP	GROUP	GROUP	GROUP
	Balance as previously stated	Borrowing - Long / Short-Term Split	Expected Credit Losses	PPE Revaluation	Capital Grants	Expected Credit Losses	Intercompany Adjustments	1 April 2023 Balance restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Climate & Inclusive Growth - Gross Expenditure	18,329	-	(40)	-	-	-	694	18,983
Climate & Inclusive Growth - Net Expenditure	6,982	-	(40)	-	-	-	694	7,636
Corporate Items - Gross Expenditure	15,763	-	432	-	-	-	-	16,195
Corporate Items - Gross Income	(6,023)	-	-	-	-	-	(17)	(6,040)
Corporate Items - Net Expenditure	9,740	-	432	-	-	-	(17)	10,155
Finance and Governance - Gross Expenditure	52,059	-	(1,117)	-	-	-	-	50,942
Finance and Governance - Net Expenditure	27,746	-	(1,117)	-	-	-	-	26,629
Housing Services - Gross Expenditure	86,886	-	(906)	-	-	-	-	85,980
Housing Services - Net Expenditure	37,706	-	(906)	-	-	-	-	36,800
Housing Revenue Account - Gross Expenditure	226,866	-	(457)	-	-	-	(694)	225,715
Housing Revenue Account - Gross Income	(207,977)	-	-	-	-	-	17	(207,960)
Housing Revenue Account - Net Expenditure	18,889	-	(457)	-	-	-	(677)	17,755
Resident & Enabling Services - Gross Expenditure	357,545	-	(4,911)	-	-	-	-	352,634
Resident & Enabling Services - Net Expenditure	73,374	-	(4,911)	-	-	-	-	68,463
HFL Group - Gross Expenditure	10,852	-	-	(66)	-	-	373	11,159
HFL Group - Gross Income	(5,198)	-	-	-	-	-	2,539	(2,659)
HFL Group - Net Expenditure	5,654	-	-	(66)	-	-	2,912	8,500
Cost of Services - Gross Expenditure	1,473,703	-	(6,999)	(66)	-	-	373	1,467,011
Cost of Services - Gross Income	(1,035,973)	-	-	-	-	-	2,539	(1,033,434)
Cost of Services - Net Expenditure	437,730	-	(6,999)	(66)	-	-	2,912	433,577
Interest Payable and Similar Charges - Gross Expenditure	44,173	-	-	-	-	-	82	44,255
Interest Payable and Similar Charges - Net Expenditure	44,173	-	-	-	-	-	82	44,255
Investment Interest income - Gross Income	210	-	-	-	-	-	(1,184)	(974)
Investment Interest income - Net Expenditure	210	-	-	-	-	-	(1,184)	(974)
Impairments on Receivables - Gross Expenditure	1	-	6,999	-	-	-	(1)	6,999
Impairments on Receivables - Net Expenditure	1	-	6,999	-	-	-	(1)	6,999
Financing and investment income and expenditure - Gross Expenditure	48,513	-	6,999	-	-	-	81	55,593
Financing and investment income and expenditure - Gross Income	210	-	-	-	-	-	(1,184)	(974)
Financing and investment income and expenditure - Net Expenditure	48,723	-	6,999	-	-	-	(1,103)	54,619
Taxation and non-specific grant income and expenditure	(409,161)	-	-	-	(3,196)	-	-	(412,357)
(Surplus)/deficit on provision of services	74,942	-	-	(66)	(3,196)	-	1,809	73,489
Loss / (Gain) on revaluation of non-current assets	86,857	-	-	(4,250)	-	-	-	82,607
Other Comprehensive income and expenditure	121,867	-	-	(4,250)	-	-	-	117,617
Total Comprehensive income and Expenditure	196,809	-	-	(4,316)	(3,196)	-	1,809	191,106

Note 49b: Prior Year Adjustments - Group (continued)

The detail below shows the adjustments to the opening balances and movements of the previous reporting period:

Effect on Movement in Reserves Statement - General Fund Balance	2023/24 as previously stated	SINGLE ENTITY	SINGLE ENTITY	GROUP	GROUP	GROUP	GROUP	GROUP
		Borrowing - Long / Short-Term Split	Expected Credit Losses	PPE Revaluation	Capital Grants	Expected Credit Losses	Intercompany Adjustments	2023/24 Restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance At 01 April 2023	(213,862)	-	-	-	-	-	25,293	(188,569)
Total comprehensive income and expenditure	39,293	-	-	-	-	-	5,600	44,893
Adjustments between group accounts and Council accounts	6,040	-	-	-	-	-	(11,641)	(5,601)
(Increase) / decrease in the year	42,819	-	-	-	-	-	(6,041)	36,778
Balance At 31 March 2024	(171,043)	-	-	-	-	-	19,252	(151,791)
Balances not earmarked	(49,252)	-	-	-	-	-	19,252	(30,000)
Balance At 31 March 2024	(171,043)	-	-	-	-	-	19,252	(151,791)

Effect on Movement in Reserves Statement - HRA Balance	2023/24 as previously stated	SINGLE ENTITY	SINGLE ENTITY	GROUP	GROUP	GROUP	GROUP	GROUP
		Borrowing - Long / Short-Term Split	Expected Credit Losses	PPE Revaluation	Capital Grants	Expected Credit Losses	Intercompany Adjustments	2023/24 Restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance At 01 April 2023	(26,688)	-	-	-	-	-	(159)	(26,847)
Total comprehensive income and expenditure	23,829	-	-	-	-	-	564	24,393
Adjustments between group accounts and Council accounts	1,098	-	-	-	-	-	(1,662)	(564)
(Increase) / decrease in the year	13,563	-	-	-	-	-	(1,098)	12,465
Balance At 31 March 2024	(13,125)	-	-	-	-	-	(1,257)	(14,382)
Balances not earmarked	1,256	-	-	-	-	-	(1,258)	(2)
Balance At 31 March 2024	(13,125)	-	-	-	-	-	(1,258)	(14,383)

Note 49b: Prior Year Adjustments - Group (continued)

The detail below shows the adjustments to the opening balances and movements of the previous reporting period:

Effect on Movement in Reserves Statement - Total Usable Reserves	2023/24 as previously stated	SINGLE ENTITY	SINGLE ENTITY	GROUP	GROUP	GROUP	GROUP	GROUP
		Borrowing - Long / Short-Term Split	Expected Credit Losses	PPE Revaluation	Capital Grants	Expected Credit Losses	Intercompany Adjustments	2023/24 Restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance At 01 April 2023	(337,364)	-	-	-	-	-	25,134	(312,230)
Total comprehensive income and expenditure	63,122	-	-	-	-	-	6,164	69,286
Adjustments between group accounts and Council accounts	7,138	-	-	-	-	-	(13,303)	(6,165)
(Increase) / decrease in the year	57,007	-	-	-	-	-	(7,139)	49,868
Balance At 31 March 2024	(280,357)	-	-	-	-	-	17,995	(262,362)

Effect on Movement in Reserves Statement - Total Unusable Reserves	2023/24 as previously stated	SINGLE ENTITY	SINGLE ENTITY	GROUP	GROUP	GROUP	GROUP	GROUP
		Borrowing - Long / Short-Term Split	Expected Credit Losses	PPE Revaluation	Capital Grants	Expected Credit Losses	Intercompany Adjustments	2023/24 Restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance At 01 April 2023	(2,821,795)	-	-	(27,165)	(960)	(30,737)	612	(2,880,045)
Total comprehensive income and expenditure	121,867	-	-	(4,250)	-	-	-	117,617
Adjustments between group accounts and Council accounts	(694)	-	-	-	-	-	(2,146)	(2,840)
(Increase) / decrease in the year	134,426	-	-	(4,250)	-	-	(2,146)	128,030
Balance At 31 March 2024	(2,687,369)	-	-	(31,415)	(960)	(30,737)	(1,534)	(2,752,015)

Effect on Movement in Reserves Statement - Total Authority Reserves	2023/24 as previously stated	SINGLE ENTITY	SINGLE ENTITY	GROUP	GROUP	GROUP	GROUP	GROUP
		Borrowing - Long / Short-Term Split	Expected Credit Losses	PPE Revaluation	Capital Grants	Expected Credit Losses	Intercompany Adjustments	2023/24 Restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance At 01 April 2023	(3,159,159)	-	-	(27,165)	(960)	(30,737)	25,746	(3,192,275)
Total comprehensive income and expenditure	184,989	-	-	(4,250)	-	-	6,164	186,903
Adjustments between group accounts and Council accounts	6,444	-	-	-	-	-	(15,449)	(9,005)
(Increase) / decrease in the year	191,433	-	-	(4,250)	-	-	(9,285)	177,898
Balance At 31 March 2024	(2,967,726)	-	-	(31,415)	(960)	(30,737)	16,461	(3,014,377)

Note 49b: Prior Year Adjustments - Group (continued)

The detail below shows the adjustments to the opening balances and movements of the previous reporting period:

Effect on Movement in Reserves Statement - Subsidiary Reserves – HFL Group Limited	2023/24 as previously stated	SINGLE ENTITY	SINGLE ENTITY	GROUP	GROUP	GROUP	GROUP	GROUP
		Borrowing - Long / Short-Term Split	Expected Credit Losses	PPE Revaluation	Capital Grants	Expected Credit Losses	Intercompany Adjustments	2023/24 Restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance At 01 April 2023	30,285	-	-	(470)	(9)	8,000	5,455	43,261
Total comprehensive income and expenditure	11,820	-	-				(7,617)	4,203
Adjustments between group accounts and Council accounts	32,881	-	-				(23,876)	9,005
(Increase) / decrease in the year	44,701	-	-	-	-	-	(31,493)	13,208
Balance At 31 March 2024	74,986	-	-	(470)	(9)	8,000	(26,038)	56,469

Effect on Movement in Reserves Statement - Total Group Reserves	2023/24 as previously stated	SINGLE ENTITY	SINGLE ENTITY	GROUP	GROUP	GROUP	GROUP	GROUP
		Borrowing - Long / Short-Term Split	Expected Credit Losses	PPE Revaluation	Capital Grants	Expected Credit Losses	Intercompany Adjustments	2023/24 Restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance At 01 April 2023	(3,128,874)			(27,635)	(969)	(22,737)	31,201	(3,149,014)
Total comprehensive income and expenditure	196,809			(4,250)	-	-	(1,453)	191,106
Adjustments between group accounts and Council accounts	39,325			-	-	-	(39,325)	-
(Increase) / decrease in the year	236,134			(4,250)	-	-	(40,778)	191,106
Balance At 31 March 2024	(2,892,740)			(31,885)	(969)	(22,737)	(9,577)	(2,957,908)

Note 49b: Prior Year Adjustments - Group (continued)

The detail below shows the adjustments to the opening balances and movements of the previous reporting period:

Effect on Balance Sheet at 31 March 2024	31 March 2024 Balance as previously stated	SINGLE ENTITY	SINGLE ENTITY	GROUP	GROUP	GROUP	GROUP	GROUP
		Borrowing - Long / Short-Term Split	Expected Credit Losses	PPE Revaluation	Capital Grants	Expected Credit Losses	Intercompan y Adjustments	31 March 2024 Balance restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property, Plant and Equipment	4,115,151	-	-	31,951	-	-	310	4,147,412
Intangible Assets	6,946	-	-				63	7,009
Long-term Investments	27,556	-	-				(543)	27,013
Long-term Debtors	27,362	-	-				(25,753)	1,609
Total Long-term Assets	4,179,610	-	-	31,951	-	-	(25,923)	4,185,638
Short term debtors	237,626	-	-				840	238,466
Short Term Investments	3,381	-	-				8,000	11,381
Current Assets	255,979	-	-	-	-	-	8,840	264,819
Short-term Borrowing	(19,801)	(124,300)	-					(144,101)
Short-term Creditors	(218,939)	-	-				21,240	(197,699)
Grants Receipts in Advance – Capital	(77,144)	-	-		42			(77,102)
Grants Receipts in Advance – Capital	78	-	-		-		(78)	-
Current Liabilities	(361,458)	(124,300)	-	-	42	-	21,162	(464,554)
Long Term Creditors	(93,843)	-	-				23,306	(70,537)
Long Term Borrowing	(926,255)	124,300	-				3,036	(798,919)
Grants Receipts in Advance - Capital	(15,089)	-	-		4,063		(1,308)	(12,334)
Long-term Liabilities	(1,181,391)	124,300	-	-	4,063	-	25,034	(1,027,994)
Net Assets	2,892,740	-	-	31,951	4,105	-	29,113	2,957,909
General Fund	(49,252)	-	-				19,252	(30,000)
Housing Revenue Account	1,256	-	-				(1,258)	(2)
Total Usable Reserves	(280,357)	-	-	-	-	-	17,994	(262,363)
Revaluation Reserve	(1,040,144)	-	-	(31,823)				(1,071,967)
Capital Adjustment Account	(1,824,052)	-	-	764	(4,156)		(29,431)	(1,856,875)
Total Unusable Reserves	(2,687,369)	-	-	(31,059)	(4,156)	-	(29,431)	(2,752,015)
HFL Group Ltd Reserves	74,986	-	-	(892)	51		(17,676)	56,469
Total Reserves	(2,892,740)	-	-	(31,951)	(4,105)	-	(29,113)	(2,957,909)

SECTION – 5

OTHER FINANCIAL STATEMENTS

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HOUSING REVENUE ACCOUNT (HRA) - INCOME AND EXPENDITURE STATEMENT

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost.

2023/24		2024/25	Note
£'000		£'000	
	Income		
(149,836)	Dwelling rents	(159,796)	
(3,589)	Non-dwelling rents	(4,039)	
(47,785)	Charges for services and facilities	(51,261)	
(425)	Contributions Towards Expenditure	(4,400)	
(7,729)	PFI Credit	(7,729)	
(209,364)	Total income	(227,225)	
	Expenditure		
53,629	Repairs and maintenance	60,574	
103,363	Supervision and management	117,527	
9,066	Rents, rates, taxes and other charges	3,455	
30,732	Depreciation of property, plant and equipment	29,497	54
28,983	Impairment / Revaluation (gain) / loss	22,046	54
225,773	Total expenditure	233,099	
16,409	Net cost of HRA services included in the Comprehensive Income and Expenditure Statement	5,874	
783	HRA services share of Corporate and Democratic Core	616	
17,192	Net cost of HRA Services	6,490	
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
19,734	Interest payable and similar charges	18,165	
(6,750)	Gain or Loss on disposal	(14,261)	
(1,170)	Interest and investment income	-	
457	Impairments on receivables	2,013	
(5,634)	Capital Grants and Contributions	(2,663)	
23,829	(Surplus) or deficit for the year on HRA Services	9,744	

STATEMENT ON THE MOVEMENT ON THE HOUSING REVENUE ACCOUNT

The objective of this statement is to reconcile the outturn from the HRA Income and Expenditure Statement to the surplus or deficit on the HRA Balance calculated in accordance with statutory requirements.

2023/24 £'000	Expenditure	2024/25 £'000
(8,798)	Balance on the HRA as at 1 April	(2)
23,829	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement	9,744
(11,364)	Adjustments Between Accounting Basis and Funding Basis under Statute	(1,708)
12,465	Net (increase)/decrease before transfers to/(from) reserves	8,036
(3,669)	Transfers to/(from) earmarked reserves	(8,034)
8,796	(Increase)/decrease in year on the HRA balance	2
(2)	HRA Balance at 31 March *	-

The HRA has experienced significant financial pressures in the recent years stemming from changes in regulations and a significant increase in disrepair claims. This has resulted in HRA reserves being reduced to minimal levels and the Council approaching the Government for Exceptional Financial Support (EFS) for 2025/26 to allow it to set a balanced budget for the HRA. Further details of the EFS are in the Narrative Report on page 7 of the accounts.

Housing Revenue Account Notes

Note 50: Analysis of the movements between the accounting basis and the funding basis under the legislative framework.

2023/24		2024/25
£'000		£'000
-	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	-
(28,984)	Impairments / Revaluation loss	(22,047)
5,241	Capital Grants and Contributions	365
(30,732)	Depreciation of non-current assets	(29,497)
(4,530)	Carrying amount of non-current assets disposed of	(7,466)
45	Mitigation of accumulated absences provision	(23)
6,344	Net charges made for retirement benefits in accordance with IAS 19	6,623
185	S106 Reversal	-
-	Capital expenditure financed from revenue balances	-
3,449	Minimum Revenue Provision	4,238
30,732	Transfer to Major Repairs Reserve	29,497
11,280	Transfer to Capital Receipts Reserve of proceeds from disposal of non-current assets	21,727
-	Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserves)	(2,789)
-	Application of capital grants received in year to finance capital expenditure	2,298
(4,394)	Employer's contributions payable to the Lambeth Pension Fund and retirement benefit payable direct to pensioners	(4,634)
(11,364)	Total Adjustments Between Accountancy Basis and Funding Basis under Statute	(1,708)

Note 51: Housing Stock

Type of accommodation	31-March-2024	Movement	31-March-2025
	No.		No.
Flats	19,813	(47)	19,766
Houses	3,881	(6)	3,875
Multi-occupied	193	-	193
Total	23,887	(53)	23,834
Right to buy sales		(78)	
Rent to Mortgage Buy Backs*		24	
New creations		-	
Total		(54)	

* 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.

Note 52: HRA Property, Plant & Equipment & Right-of-Use Assets

2023/24		2024/25
£'000		£'000
2,362,184	Council dwellings	2,382,719
109,017	Other Land & Buildings	115,222
205	Community Assets	2,108
1,975	Surplus	2,549
2,100	Assets held for sale	1,925
1,588	Vehicles, Plant & Equipment	1,215
14,129	Assets under Construction	9,852
-	Right of Use Assets	2,879
-	Infrastructure	-
2,491,198	Total	2,518,469

Note 53: Capital Expenditure, Financing and Receipts

2023/24		2024/25
£'000		£'000
	HRA capital expenditure	
44,829	Works to dwellings	61,440
1,700	Other Land & Buildings	7,460
1,208	Vehicles, Plant & Equipment	7
3,640	Assets under construction	-
-	- Community Assets	173
-	- Surplus Assets	217
-	- Right of Use Assets	14
-	- Work in Progress	869
51,377	Total HRA capital expenditure	70,180
	Financing of capital expenditure	
16,503	Borrowing	6,812
23,932	Major Repairs Reserve	36,297
-	- Capital Receipts	11,409
3,748	Government grants	9,126
3,659	Other contributions - Section 20	193
86	Other contributions - Section 106	2,105
3,449	Minimum revenue provision	4,238
51,377	Total financing of capital expenditure	70,180

Note 54: Depreciation and Impairment

2023/24		2024/25
£'000		£'000
	Depreciation charged to the HRA I&E for the year	
	Operational assets	
29,463	- dwellings	27,558
1,228	- other property	1,939
	Non-operational assets	
41	- dwellings	-
-	- other property	-
30,732	Total Depreciation	29,497
	Impairments and revaluation losses charged to the HRA I&E for the year	
	Operational assets	
28,939	- dwellings	22,898
1,760	- other property	
	Non-operational assets	
(1,377)	- dwellings	-
100	- other property	392
29,422	Total Impairments and revaluation losses charged to the HRA I&E for the year	23,290
	Revaluation / Impairment (gains) reversed in the HRA I&E for the year	
	Operational assets	
-	- dwellings	(1,244)
(399)	- other property	
	Non-operational assets	
(39)	- dwellings	-
(438)	Total Revaluation / Impairment (gains) reversed in the HRA I&E for the year	(1,244)
28,984	Net Impairment	22,046

Note 55: Rent Arrears

2023/24		2024/25
	Rent arrears comprise:	
16,394	Arrears as at 31st March	23,236
(8,518)	Impairment on receivables	(7,514)
7,876	Collectable amount	15,722

Note 56: Vacant Possession Value

The vacant possession value of dwellings within the HRA at 31 March 2025 was £9.560 bn (£9.477 bn at 31 March 2024) which has been reduced to £2.390 bn (£2.369 bn at 31 March 2024) to reflect social housing use subsidised housing. This shows the economic cost to the government of providing council housing at less than market rents.

Note 57: HRA Share of Contributions to the Pension Reserve

The HRA Income and Expenditure account has suffered a charge from the Pension Reserve of £9.20m in 2024/25 (charge of £9.20m in 2023/24), 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

COLLECTION FUND STATEMENT

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.

2023/24				2024/25			Note
NNDR	Council Tax	Total		NNDR	Council Tax	Total	
£'000	£'000	£'000		£'000	£'000	£'000	
			INCOME				
	(201,634)	(201,634)	Council Tax receivable		(216,946)	(216,946)	
	(1,168)	(1,168)	Transfer for Transitional Relief, S13A Reliefs and discount for prompt payment		(451)	(451)	
(144,852)		(144,852)	Business Rates receivable	(181,092)		(181,092)	
(10,867)		(10,867)	Transitional Protection Payments Payable	(3,862)		(3,862)	
(4,243)		(4,243)	Business Rates Supplement	(4,843)		(4,843)	
(159,962)	(202,802)	(362,764)	Total income	(189,797)	(217,397)	(407,194)	
			Expenditure				
50,829	149,680	200,509	LB Lambeth	52,475	159,592	212,067	
55,911		55,911	Central Government	57,722		57,722	
62,689	48,941	111,630	Greater London Assembly (GLA)	64,719	53,968	118,687	
			Business Rates Supplement				
4,777		4,777	Payment to GLA		4,754	4,754	
9		9	Administrative Costs		9	9	
			Charges to Collection Fund				
2,008	6,389	8,397	Write-offs of uncollectable amounts	1,360	2,450	3,810	
(284)	3,301	3,017	Increase/(Decrease) in Impairment on receivables	10,886	(74)	10,812	
(1,872)		(1,872)	Increase/(Decrease) in Provision for Appeals	(2,759)		(2,759)	
-		-	Transitional Protection Payments	-		-	
236		236	Interest on Refunds	354		354	
-		-	Disregarded Amount	221		221	
491		491	Cost of Collection	487		487	
174,794	208,311	383,105	Total expenditure	185,465	220,699	406,164	
14,832	5,509	20,341	(Surplus)/Deficit carried forward	(4,332)	3,302	(1,030)	
17,417	(985)	16,432	Collection Fund (Surplus)/Deficit at 1 April	16,609	2,916	19,525	
(15,096)	(1,608)	(16,704)	Fund balance distributed in year	(14,934)	-	(14,934)	
14,288	5,509	19,797	(Surplus)/Deficit arising during the year	512	(1,461)	(949)	
16,609	2,916	19,525	(Surplus)/Deficit carried forward	2,187	1,455	3,642	
			Analysis of Fund balance distributed in year:				
(4,529)	(1,225)	(5,754)	LB Lambeth	(4,480)		(4,480)	
(4,982)		(4,982)	Central Government	(4,928)		(4,928)	
(5,585)	(383)	(5,968)	GLA	(5,526)		(5,526)	
(15,096)	(1,608)	(16,704)		(14,934)	-	(14,934)	

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.

COLLECTION FUND	Total Collection Fund		Central Government		London Borough of Lambeth		Greater London Assembly	
	£'000		£'000		£'000		£'000	
	CTAX	NNDR	CTAX	NNDR	CTAX	NNDR	CTAX	NNDR
Apportionment Basis	100.0%	100.0%	N/A	33.0%	75.4%	30.0%	24.6%	37.0%
Arrears	64,479	24,924	N/A	8,225	48,617	7,477	15,862	9,222
Impairment on receivable	(29,848)	(12,290)	N/A	(4,056)	(22,505)	(2,687)	(7,343)	(4,547)
Appeals Provision	N/A	(3,000)	N/A	(990)	N/A	(900)	N/A	(1,110)
Overpayments & Pre-payments	(11,206)	(16,075)	N/A	(5,305)	(8,449)	(4,823)	(2,757)	(5,948)
(Surplus)/Deficit	1,453	2,187	N/A	722	1,096	656	357	809

Notes to the Collection Fund

Note 58: Council tax income

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 2025, the band D council tax was set at £1,865.41 based upon a tax base of 114,484 (for 2023/24 £1,761.90 based upon a tax base of 112,731) and includes £471.40 requirement for the Greater London Authority (£434.14 in 2023/24)

The table below shows the calculation of the Council Tax Base for 2024/25.

Valuation Band	Total no. of dwellings on valuation list	Total equivalent dwellings after adjustments	Ratio	Band D equivalent dwellings
A	4,968	3,501	6 / 9	2,334
B	31,543	22,308	7 / 9	17,351
C	41,368	33,351	8 / 9	29,645
D	32,480	27,348	9 / 9	27,348
E	15,830	13,942	11 / 9	17,040
F	10,153	9,362	13 / 9	13,523
G	5,680	5,501	15 / 9	9,168
H	1,115	1,113	18 / 9	2,226
Total	143,137	116,426		118,635
Less Adjustment for collection rate				(4,152)
Council Tax Base				114,483

Notes to the Collection Fund (continued)

Note 59: 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 2023/24 the standard multiplier was set at 54.6p (51.2p in 2023/24) and the small business rate multiplier was set at 49.9p (49.9p in 2023/24). The total rateable value at the end of March 2025 was £451.9m (£452.5m on 31 March 2024).

The total business rates income is based on the 2024/25 estimated collection and the 2023/24 deficit. However, as this is determined before the end of 2023/24 an adjustment is required in 2024/25 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. In 2024/25 the NDR collection fund reported an in-year deficit of £0.5m.

Note 60: 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 £75,000 multiplied by the BRS multiplier which is 2p (unchanged from previous years). This income is not the income of the council and is not included in the Comprehensive Income and Expenditure Statement. Amounts deducted from BRS income to meet administrative expenses are the council'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.

SECTION – 6

PENSION FUND ACCOUNTS AND NOTES

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FUND ACCOUNT

2023/24		2024/25	
£'000	Fund Account	£'000	Note
	Dealing with members, employers and others directly involved in the fund:		
57,879	Contributions	62,267	7
16,783	Transfers in from other pension funds	16,667	8
74,662	Sub-Total	78,934	
(74,480)	Benefits	(76,777)	9
(12,764)	Payments to and on account of leavers	(11,287)	10
(87,244)	Sub-Total	(88,064)	
(12,582)	Net additions/(withdrawals) from dealing with members.	(9,130)	
(9,273)	Management expenses	(10,397)	11
(21,855)	Net additions/(withdrawals) including fund management expenses	(19,527)	
	Returns on investments:		
55,498	Investment Income	75,091	12
67,632	Profit and loss on disposal of investments and changes in the market value of investments	(60,305)	14a
123,130	Net return on investments	14,786	
101,275	Net increase/(decrease) in the net assets available for benefits during the year	(4,741)	
1,698,315	Opening net assets of the scheme	1,799,590	
1,799,590	Closing net assets of the scheme	1,794,849	

NET ASSETS STATEMENT

31-March-2024		31-March-2025	
Restated *	Net Assets Statement		Note
£'000		£'000	
1,736,166	Investment assets	1,762,647	14b
(26)	Investment liabilities	-	14b
1,736,140	Total Investment Assets	1,762,647	
64,249	Current Assets	33,549	20
(799)	Current Liabilities	(1,347)	21
1,799,590	Net assets of the fund available to fund benefits at the period end	1,794,849	

*The carried forward balance at 31 March 2024 has been restated as per the prior period adjustment set out in Note 25.

Notes to the Pension Fund

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

PEN - 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 2024/25 Annual Report 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 via auto enrolment where employees meet eligibility criteria; however, employees can choose to opt out.

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.

PEN - 1: Description of the Fund (continued)

There are 30 employer organisations with active membership within the Fund including Lambeth Council itself as set out in the following table.

31-March-2024	Lambeth Pension Fund	31-March-2025
31	Number of employers with active members	30
	Number of employees in scheme:	
4,759	Lambeth council	4,746
522	Other employers	525
5,281	Total	5,271
	Number of deferred pensioners:	
7,530	Lambeth council	7,483
459	Other employers	470
7,989	Total	7,953
	Number of pensioners:	
8,775	Lambeth council	8,789
118	Other employers	120
8,893	Total	8,909
22,163	Total number of members in pension scheme	22,133

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 2025. Employee contributions are matched by employers' contributions that are set based on triennial actuarial funding valuations. Employer contribution rates for 2024/25 were set as part of the 2022 actuarial valuation and range from 0% to 43.8% 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.

Notes to the Pension Fund (continued)

PEN - 1: Description of the Fund (continued)

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 handbook which is available on the Lambeth Pension Fund website at the following link:

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

PEN - 2: Basis of Preparation

The statement of accounts summarises the Fund's transactions for the 2024/25 financial year and its position as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ("the Code"), 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 Code requires the disclosure of any accounting standards in issue but not adopted by the Code in 2024/25. At the balance sheet date, the following new standards and amendments to existing standards have been issued but not yet adopted by the Code (these standards have no significant impact on the amounts reported in the 2024/25 Pension Fund accounts due to the nature of the Fund and its investments):

- a) Lack of Exchangeability (Amendments to IAS21) issued in August 2023.
- b) IFRS 17 Insurance Contracts issued in May 2017.

The accounts have been prepared on a going concern basis on the assumption that the functions of the Pension Fund will continue in operational existence for the foreseeable future.

PEN - 3: Summary of Significant Accounting Policies

Fund Account – revenue recognition

a. *Contribution income*

Normal employer contributions 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 accounted for based on common percentage rates set centrally in accordance with Local Government Pension Scheme 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 accrual's basis in accordance with the terms of the transfer agreement.

PEN - 3: Summary of Significant Accounting Policies (continued)

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 itemsd. *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 statutory reporting, legal costs, and audit fees which are recharged to the Fund and disclosed separately in note 13 to comply with CIPFA guidance. 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.

PEN - 3: Summary of Significant Accounting Policies (continued)

Investment management expenses (continued)

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.

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 values 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.

PEN - 3: Summary of Significant Accounting Policies (continued)*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. This differences on exchange are included in the accounts as an exchange gain or loss.

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). 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.

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, Utmost Life and Pensions 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 and have not been disclosed in these notes as the balances are immaterial.

n. London LGPS CIV Limited (LCIV)

The Council holds unquoted equities in London CIV Ltd (the organisation set up to run pooled LGPS investments in London) carried at cost, i.e. transaction price of £150,000; the original transaction price represents an appropriate estimate of fair value.

o. 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 23.

PEN - 4: Critical Judgements in Applying Accounting Policies

There were no critical judgements in 2024-25 other than estimation uncertainty that would have impacted on the financial statements.

PEN - 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 2025 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	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 which will involve comparison to the valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation (IPEV) Guidelines. The Fund's private equity investments are classified within the financial statements as level 3 investments and as at 31 March 2025 are valued at £41.5m.	The total (called) private equity investment in the financial statements is £41.5m. There is a risk that this investment may be under or overstated in the accounts by up to £11m 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	The pension fund contains investments in unithised pooled property funds that are classified within the financial statements as level 3 investments and managed by Invesco (European property and UK PRS) and the London CIV (UK Affordable Housing). Valuations are at NAV on at least a quarterly basis; Invesco valuations are based on guidelines issued by the Royal Institute of Chartered Surveyors (RICS), adapted as necessary to respect individual market considerations and practices, and the European Association for Investors in Non-Listed Real Estate Vehicles (INREV). Valuations in the London CIV fund are subject to the methodologies and techniques of the underlying companies. In late 2025 the Invesco UK PRS fund restated the NAV of the fund as at 31 March 2025 due to a material valuation impairment; the valuation was reported with material valuation uncertainty due to the possibility of value recovery. The NAV of the Fund's investment in the UK PRS fund has been adjusted in these accounts to reflect the impairment. As at 31 March 2025 pooled property investments are valued at £160.4m.	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 13.0% i.e. an increase or decrease of £21.6m, on carrying values of £160.4m.
Private debt funds	<p>The Fund's private debt investments are split between two managers, Permira and Churchill. Permira investments are valued on a fair value basis in accordance with International Private Equity and Venture Capital Valuation (IPEV) Guidelines, where fair value is an estimate of the price at which assets could be sold in an orderly transaction at the valuation date</p> <p>Churchill values its investments at fair value, using active market comparators where available, although no ready market may exist for many of the securities in which the manager invests; fair value must therefore be determined using unobservable inputs, estimated using a combination of a market yield approach and enterprise value</p>	Due to the risk and sensitivities involved in the valuation of the private debt funds, it is estimated that the current valuation of £140.4m may be over or understated in the accounts by approximately 10.5%, or £14.7m

PEN - 6: Events after the Reporting Date

In October 2024 the Fund's Pensions Committee agreed to commit a further £85-100m to Private Equity via the Fund's existing manager Adams Street. As at 31 March 2025 none of this commitment had been formally accepted by the manager; however, on 2 April 2025 a commitment of \$70m USD was accepted to Adams Street's 2025 Global Fund and on 14 April 2025 a commitment of €50m EURO was accepted to Adams Street's 2023 European Venture Fund.

In December 2025 Invesco entered voluntarily liquidation in respect of its UK Residential Fund (UKRF). Separately, due to a material valuation impairment of an asset within the fund, the manager was required to restate the fund's March 2025 net asset value prior to issuing its financial statements. However, the valuation was reported with 'Material Valuation Uncertainty' due to ongoing additional testing which could result in value recovery. As a result of the restatement, the value of the Fund's holdings reduced by £5.6m which is reflected in these accounts. At 31 March 2025 the value of the Fund's investment in UKRF was £35.0m.

PEN - 7: Contributions Receivable

2023/24	Category	2024/25
£'000		£'000
12,808	Employees	13,935
	Employers:	
45,071	Normal contributions (including deficit recovery)	48,332
45,071	Total employer contributions	48,332
57,879	Total employer contributions	62,267

2023/24	Type of employer	2024/25
£'000		£'000
52,996	Administering authority	57,381
1,767	Scheduled bodies	4,339
3,116	Admitted bodies	547
57,879	Total	62,267

PEN - 8: Transfers in from Other Pension Funds

2023/24	Category	2024/25
£'000		£'000
16,783	Individual transfer	16,667
16,783	Total	16,667

PEN - 9: Benefits Payable

2023/24	Category	2024/25
£'000		£'000
61,505	Pensions	64,064
11,188	Commutation and lump sum retirement benefits	11,104
1,787	Lump sum death benefits	1,609
74,480	Total	76,777

2023/24	Authority	2024/25
£'000		£'000
74,211	Administering authority	76,436
251	Scheduled bodies	164
18	Admitted bodies	177
74,480	Total	76,777

PEN - 10: Payments to and on Account of Leavers

2023/24		2024/25
£'000		£'000
171	Refund to members leaving service	271
12,593	Individual transfers	11,016
12,764	Total	11,287

PEN - 11: Management Expenses

2023/24	Category	2024/25
£'000		£'000
1,589	Administrative costs	2,128
7,327	Investment management expenses	7,860
357	Oversight and governance costs	409
9,273	Total	10,397

In 2024/25 the Fund paid £1.4m in staffing costs (2023/24 £1.2m). This disclosure is as per CIPFA guidance, and further details concerning key management personnel are included within the Annual Report.

Oversight and governance costs include audit fees of £54k which were paid in the year, but which relate to prior year external audits.

PEN - 11a: Investment Management Expenses

2024/25	Total	Management fees	Transaction costs
	£'000	£'000	£'000
Fixed interest securities	206	206	-
Pooled bond investments	26	26	-
Pooled equity investments	3,317	3,240	77
Pooled property investments	1,136	1,136	-
Private equity	252	252	-
Multi Asset Credit	1,454	1,454	-
Private Debt	1,469	1,469	-
			-
Subtotal	7,860	7,783	77
Custody Costs	12		
Total	7,872		

2023/24	Total	Management fees	Transaction costs
	£'000	£'000	£'000
Fixed interest securities	155	155	-
Pooled equity investments	3,061	3,061	-
Pooled property investments	1,169	1,169	-
Private equity	302	302	-
Multi Asset Credit	1,526	1,526	-
Private Debt	1,114	1,114	-
			-
Subtotal	7,327	7,327	-
Custody Costs	15		
Total	7,342		

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

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).

PEN - 12: Investment Income

2023/24		2024/25
£'000		£'000
5	Fixed interest securities	5
	Pooled investment vehicles	
-	Bonds	941
6,938	Private equity income	9,763
4,906	Pooled property investments	5,028
7,718	Equity dividends	7,834
14,042	MAC Fund	13,320
21,067	Private Debt	37,344
796	Interest on cash deposits	849
26	Other	7
55,498	Total	75,091

PEN - 13: External Audit Costs

2023/24		2024/25
£'000		£'000
87	Payable in respect of external audit	134
87	Total	134

The audit fee payable for 2024/25 of £134k includes the £80k base scale fee as set by Public Sector Audit Appointments (PSAA) but not yet paid by the Fund, and £54k for fees relating to prior years paid in 2024/25.

PEN - 14: Investments Assets

2023/24		2024/25
£'000		£'000
	Fixed interest securities:	
252,036	Bonds	216,202
252,036	Fixed interest securities subtotal	216,202
	Pooled investments:	
-	Bonds	82,990
812,184	Equities	773,601
149,556	Pooled property investments	160,404
1,000	Money market fund	1,000
54,694	Private equity	41,546
320,874	Multi Asset Credit	346,276
145,672	Private Debt	140,445
1,483,980	Pooled investments subtotal	1,546,262
150	London CIV	150
(26)	Cash Instruments	33
124	Subtotal	183
1,736,140	Total Investment assets	1,762,647

PEN - 14a: Reconciliation of Movements in Investments

	Market value 01-April-2024	Purchases during the year	Transfers In	Sales during the year	Change in cash	Change in market value	Market value 31- March-2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed interest securities	252,036	20,424	-	(20,698)	-	(35,560)	216,202
Pooled investments:							
Bonds	-	85,000	-	(26)	-	(1,984)	82,990
Equities	812,184	7,738	-	(58,317)	-	11,996	773,601
Pooled property investments	149,556	21,997	-	(1,583)	-	(9,566)	160,404
Money market fund	1,000	-	-	-	-	-	1,000
Private equity	54,694	119	-	(252)	-	(13,015)	41,546
Multi Asset Credit	320,874	13,320	-	(1,454)	-	13,536	346,276
Private Debt	145,672	21,378	-	(1,469)	-	(25,136)	140,445
London CIV	150	-	-	-	-	-	150
Cash Instruments	(26)	-	43	-	16	-	33
Subtotal	1,736,140	169,976	43	(83,799)	16	(59,729)	1,762,647
Unrealised currency gain/(loss)	1,873	-	-	-	-	(576)	1,297
Total	1,738,013	169,976	43	(83,799)	16	(60,305)	1,763,944

	Market value 01-April-2023	Purchases during the year	Transfers In	Sales during the year	Change in cash	Change in market value	Market value 31- March-2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed interest securities	193,332	288,527	-	(218,617)	-	(11,206)	252,036
Pooled investments:							
Equities	726,001	7,286	-	(3,030)	-	81,927	812,184
Pooled property investments	167,218	513	-	(1,491)	-	(16,684)	149,556
Money market fund	5,052	20,000	-	(24,000)	-	(52)	1,000
Private equity	60,233	823	-	(302)	-	(6,060)	54,694
Multi Asset Credit	351,193	14,042	-	(71,603)	-	27,242	320,874
Private Debt	133,837	20,175	-	(1,113)	-	(7,227)	145,672
London CIV	150	-	-	-	-	-	150
Cash Instruments	32	-	(15)	-	(43)	-	(26)
Subtotal	1,637,048	351,366	(15)	(320,156)	(43)	67,940	1,736,140
Unrealised currency gain/(loss)	2,181	-	-	-	-	(308)	1,873
Total	1,639,229	351,366	(15)	(320,156)	(43)	67,632	1,738,013

PEN - 14b: Investments Analysed by Fund Manager

Market Value 31-March-2024 £'000	% of Fund		Market Value 31-March-2025 £'000	% of Fund
		Fixed interest securities:		
252,011	14.5	Insight - LDI	216,235	12.3
-	-	London CIV – B&M Credit Fund	82,990	4.7
313,165	18.0	London CIV - BG Global Equity	309,797	17.6
167,596	9.7	London CIV - JP Morgan - Emerging Market	116,968	6.6
331,423	19.1	London CIV – RBC - Global Equity	346,836	19.7
178,632	10.3	London CIV – CQS/PIMCO - Multi-Asset Credit	192,632	10.9
142,242	8.2	M&G - Multi-Asset Credit	153,644	8.7
65,955	3.8	Churchill Asset Management - Private Debt	58,367	3.3
79,716	4.6	Permira - Private Debt	82,078	4.7
54,694	3.2	Adams Street - Private Equity	41,546	2.4
149,315	8.6	Invesco - Property	138,828	7.9
241	0.0	LCIV UK Housing Fund	21,576	1.2
1,000	0.1	Insight MMF (Money Market Fund)	1,000	0.1
150	0.0	London CIV - LCIV	150	0.0
1,736,140	100	Total	1,762,647	100

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

Market Value 31-March-2024 £'000	% of Fund		Market Value 31-March-2025 £'000	% of Fund
149,315	8.6	Invesco	138,828	7.9
313,165	18.0	London CIV - BG Global Equity	309,797	17.6
167,596	9.6	London CIV - JP Morgan	116,968	6.6
178,632	10.3	London CIV - MAC	192,632	10.9
252,011	14.5	Insight - LDI	216,234	12.3
331,423	19.1	London CIV - RBC	346,836	19.7
142,242	8.2	M&G	153,644	8.7

PEN - 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 Fixed interest securities	Level 1	Fixed interest securities are valued at a market value based on current yields	Not Required	Not required
Unquoted Fixed interest securities	Level 2	Closing single price	Current yields. NAV based pricing set on a forward pricing basis	Not required
Pooled investments - overseas unit trusts and property funds	Level 3	Valued at Net Asset Value	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 including rental yields, or by variances between audited and unaudited accounts
Pooled investments – overseas private debt	Level 3	Fair Value based on Generally Accepted Accounting Principles and International Private Equity and Venture Capital Valuation Guidelines; assets may be valued with reference to similar companies in active markets, internal modelling or independent valuers.	Determined by the investment manager – includes credit ratings and default history	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
London CIV share capital (unquoted equities)	Level 3	Carried at cost, i.e. initial transaction price	N/A – carried at cost.	N/A – shares are untradeable and only redeemable upon exit from the LCIV
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, the nature of estimation techniques used, or by variances between audited and unaudited accounts

Notes to the Pension Fund (continued)

PEN - 15: Fair Value – Basis of Valuation (continued)

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 2025.

	Valuation range	Value at 31-March-2025	Value on increase	Value on decrease
	(+/-)	£'000	£'000	£'000
Pooled investments – Property Funds	13.0%	160,404	181,257	139,551
Pooled investments – Private Debt	10.5%	140,445	155,192	125,698
London CIV *	0.0%	150	150	150
Private equity	26.2%	41,546	52,431	30,661
Total		342,545	389,030	296,060

*London CIV share capital is held at cost as a proxy for fair value and as such has no expected volatility.

	Valuation range	Value at 31-March-2024	Value on increase	Value on decrease
	(+/-)	£'000	£'000	£'000
Pooled investments – Property Funds	14.8%	149,556	171,734	127,378
Pooled investments – Private Debt	10.6%	145,672	161,107	130,236
London CIV *	0.0%	150	150	150
Private equity	24.6%	54,694	68,159	41,228
Total		350,072	401,150	298,992

*London CIV share capital is held at cost as a proxy for fair value and as such has no expected volatility.

Notes to the Pension Fund (continued)

PEN - 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 tables provide 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-2025	Quoted Market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
	£'000	£'000	£'000	£'000
Financial assets at fair value through profit and loss				
Fixed interest securities	216,202	-	-	216,202
Pooled investments				
Bonds	-	82,990	-	82,990
Equities	773,601	-	-	773,601
Multi asset credit	346,276	-	-	346,276
Pooled property investments	-	-	160,404	160,404
Money market fund	1,000	-	-	1,000
Private equity	-	-	41,546	41,546
Private debt	-	-	140,445	140,445
London CIV	-	-	150	150
Cash deposits	33	-	-	33
Total	1,337,112	82,990	342,545	1,762,647

PEN - 15a: Fair Value Hierarchy

Values at 31-March-2024	Quoted Market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
	£'000	£'000	£'000	£'000
Financial assets at fair value through profit and loss				
Fixed interest securities	252,036	-	-	252,036
Pooled investments				
Bonds		-	-	-
Equities	812,184	-	-	812,184
Multi asset credit & Money Market Fund	321,874	-	-	321,874
Pooled property investments	-	-	149,556	149,556
Private equity	-	-	54,694	54,694
Private Debt	-	-	145,672	145,672
London CIV	-	-	150	150
Cash deposits	(26)	-	-	(26)
Total	1,386,068	-	350,072	1,736,140

PEN - 15b: Reconciliation of Fair Value Measurements within Level 3

	Market value 01-April-2024	Purchases	Sales	Unrealised gain (loss)	Market value 31- March-2025
	£'000	£'000	£'000	£'000	£'000
Pooled investments - Private equity	54,694	119	(252)	(13,015)	41,546
Pooled investments - Property funds	149,556	21,997	(1,583)	(9,566)	160,404
Pooled investments - Private Debt	145,672	21,378	(1,469)	(25,136)	140,445
London CIV	150	-	-	-	150
	350,072	43,494	(3,304)	(47,717)	342,545

	Market value 01-April-2023	Purchases	Sales	Unrealised gain (loss)	Market value 31- March-2024
	£'000	£'000	£'000	£'000	£'000
Hedge Fund of Funds	52	-	(47)	(5)	-
Pooled investments - Private equity	60,233	823	(302)	(6,060)	54,694
Pooled investments - Property Funds	167,218	-	(1,491)	(16,171)	149,556
Pooled investments - Private Debt	133,837	20,175	(1,113)	(7,227)	145,672
London CIV	150	-	-	-	150
	361,490	20,998	(2,953)	(29,463)	350,072

PEN - 16a: Classification of Financial Instruments

	* Restated 2023/24				2024/25			
	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Total	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets								
Fixed interest securities	252,036	-	-	252,036	216,202	-	-	216,202
Pooled investments:								
Bonds	-	-	-	-	82,990	-	-	82,990
Equities	812,184	-	-	812,184	773,601	-	-	773,601
Pooled property investments	149,556	-	-	149,556	160,404	-	-	160,404
Money market fund	1,000	-	-	1,000	1,000	-	-	1,000
Private equity	54,694	-	-	54,694	41,546	-	-	41,546
Multi Asset Credit	320,874	-	-	320,874	346,276	-	-	346,276
Private Debt	145,672	-	-	145,672	140,445	-	-	140,445
London CIV	150	-	-	150	150	-	-	150
Cash instruments	(26)	-	-	(26)	33	-	-	33
Debtors		36,189	-	36,189	-	-	-	-
Cash and cash equivalents		28,060	-	28,060	-	33,549	-	33,549
Financial assets total	1,736,140	64,249	-	1,800,389	1,762,647	33,549	-	1,796,196
Financial liabilities								
Creditors	-	-	(799)	(799)	-	-	(1,347)	(1,347)
Financial liabilities total	-	-	(799)	(799)	-	-	(1,347)	(1,347)
Total	1,736,140	64,249	(799)	1,799,590	1,762,647	33,549	(1,347)	1,794,849

*Assets and liabilities held at amortised cost in 2023/24 have been restated to reflect prior period adjustments as set out in Note 25.

The value of assets and liabilities held at amortised cost is the same as the carrying amount.

PEN - 16b: Net Gains and Losses on Financial Instruments

2023/24	Investments	2024/25
£'000		£'000
67,941	Financial Assets: Fair Value through profit and loss	(59,729)
(309)	Financial Liabilities: Measured at amortised cost	(576)
67,632	Total	(60,305)

PEN - 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.

PEN - 17: Nature and Extent of Risks Arising from Financial Instruments (continued)

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 2024/25 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	Potential market movement
	2023/24 %	2024/25 %
Bonds - LDI	15.1	15.8
Emerging Market Equities	23.3	20.9
Sustainable Equities	16.8	19.2
Private Debt	10.6	10.5
Global Equities	16.8	19.2
Pooled Property Investments	14.8	13.0
Private Equity	24.6	26.2
Multi Asset Credit	10.9	9.6
Corporate Bonds	0.0	7.1

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 (prior year comparator is also shown):

PEN - 17: Nature and Extent of Risks Arising from Financial Instruments (continued)

Change in the net assets

Asset Type	Values at 31- March-2025	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Global Equities	656,633	126,074	782,707	530,559
Emerging Markets Equity	116,968	24,446	141,414	92,522
Private Equity	41,546	10,885	52,431	30,661
Multi Asset Credit	346,276	33,242	379,518	313,034
Corporate Bonds	82,991	5,892	88,883	77,099
Private Debt	140,445	14,747	155,192	125,698
Bonds- LDI	216,201	34,160	250,361	182,041
Cash	33	-	33	33
Property	160,404	20,853	181,257	139,551
London CIV	150	-	150	150
Money Market Fund	1,000	-	1,000	1,000
Total	1,762,647	270,299	2,032,946	1,492,348

Asset Type	Values at 31- March-2024	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Global Equities	644,588	108,594	753,182	535,994
Emerging Markets Equity	167,596	39,009	206,605	128,587
Private Equity	54,694	13,466	68,160	41,228
Multi Asset Credit	320,874	34,950	355,824	285,924
Private Debt	145,672	15,436	161,108	130,236
Bonds- LDI	252,011	38,152	290,163	213,859
Cash	-	-	-	-
Property	149,556	22,178	171,734	127,378
London CIV	150	-	150	150
Money Market Fund	1,000	-	1,000	1,000
Total	1,736,141	271,785	2,007,926	1,464,356

Notes to the Pension Fund (continued)

PEN - 17: Nature and Extent of Risks Arising from Financial Instruments (continued)

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 2025 and 31 March 2024 is set out in the table opposite. These disclosures present interest rate risk based on the underlying financial assets at fair value.

* Cash and cash equivalents at 31 March 2024 have been restated as set out in the prior period adjustment in Note 25.

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	Values at 31-March-2025	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash and cash equivalents	33,549	-	33,549	33,549
Fixed interest securities	216,202	2,162	218,364	214,040
Total	249,751	2,162	251,913	247,589

Assets exposed to interest rate risk	*Restated Values at 31-March-2024	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash and cash equivalents	28,060	-	28,060	28,060
Fixed interest securities	252,036	2,520	254,556	249,516
Total	280,096	2,520	282,616	277,576

PEN - 17: Nature and Extent of Risks Arising from Financial Instruments (continued)

Income exposed to interest rate risk	Amount Receivable 2024/25	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash and cash equivalents	849	9	858	840
Fixed interest securities	5	-	5	5
Total	854	9	863	845

Income exposed to interest rate risk	Amount Receivable 2023/24	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash and cash equivalents	796	8	804	788
Fixed interest securities	5	-	5	5
Total	801	8	809	793

This analysis demonstrates that a 1% increase in interest rates will not materially affect the interest received on fixed interest assets but will increase 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.

PEN - 17: Nature and Extent of Risks Arising from Financial Instruments (continued)

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	Values at 31-March-2025	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Overseas unquoted securities	41,546	4,155	45,701	37,391
Overseas unit trusts	103,807	10,381	114,188	93,426
Total	145,353	14,536	159,889	130,817

Assets exposed to interest rate risk	Values at 31-March-2024	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Overseas unquoted securities	54,694	5,469	60,163	49,225
Overseas unit trusts	105,769	10,577	116,346	95,192
Total	160,463	16,046	176,509	144,417

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. In essence, all of the Fund's investments are exposed to some form of credit risk which is generally mitigated by the investment managers employed by the Fund through the selection and use of high-quality counterparties, brokers and financial institutions. By their nature however, certain investments will be exposed to a greater amount of credit risk where a greater risk premium may attract higher investment returns. Level 3 investments in particular have a high credit risk, such as the Fund's private equity and private debt investments, which is accepted by the Fund and incorporated into its Investment Strategy Statement; the Fund invests in a diversified portfolio across several assets classes with clearly defined investment limits to mitigate this risk.

There is a risk that some admitted bodies to the Fund may not fulfil their pension obligations, potentially resulting in a deficit that could impact the Fund. To mitigate this risk, the Fund regularly monitors the state of its admitted bodies and uses reasonable measures to reduce the risk of employers defaulting on their pension obligations, including seeking guarantees for new admissions; further information is set out in the Fund's Funding Strategy Statement.

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 2025 was £29.4m (31 March 2024: £24.0m). This was held with the following institutions.

Notes to the Pension Fund (continued)

PEN - 17: Nature and Extent of Risks Arising from Financial Instruments (continued)

Assets exposed to interest rate risk	Rating	31-March-2024	31-March-2025
		£'000	£'000
Money Market Funds:			
Northern Trust - Liquidity Fund	AAA	11	12
Bank Deposits and Current Account:			
Royal Bank of Scotland	A+	24,002	29,405
Total		24,013	29,417

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 2025 the value of liquid assets was £1,452.3m, which represented 80.66% of total Fund assets (31 March 2024: £1,449.5m, which represented 80.85% 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 2025 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.

PEN - 18: Funding Arrangements

In line with the LGPS Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The most recent valuation took place as at 31 March 2022 and the next valuation is due to take place as at 31 March 2025.

The funding policy for the Fund is set out in the Funding Strategy Statement (FSS), last updated in February 2024. In summary, 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
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations

The FSS sets out how the council, as the Administering Authority of the Fund, seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

At the 31 March 2022 valuation the Fund was assessed as 96% funded (82% at the March 2019 valuation) with assets valued at £1,842m and liabilities at £1,920m, representing a deficit of £79m (£307m at March 2019).

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS. The combined primary and secondary rates for the latest and prior valuations are shown in the table below; these represent the rates payable for the whole fund. At the 31 March 2022 valuation, the Lambeth specific primary rate was set at 19.3% and the annual secondary contribution at £8.5m.

	31-Mar-2019		31-Mar-2022	
Primary Rate	19.5%		20.7%	
Secondary Rate		£'000		£'000
	2020/21	13,777	2023/24	7,027
	2021/22	13,776	2024/25	7,168
	2022/23	13,774	2025/26	6,917

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

Notes to the Pension Fund (continued)

PEN - 18: Funding Arrangements (continued)

Method and assumptions

The 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 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.

The key financial and demographic assumptions that were used for the valuation are shown below:

	31-Mar-2019	31-Mar-2022
Financial Assumptions:		
Discount rate	3.1%	3.4%
Salary increase rate	2.8%	3.2%
Benefit increase (CPI)	2.3%	2.7%
Life Expectancy at 65:		
Current pensioners		
Males	21.2	21.5
Females	24.0	24.3
Future pensioners (assumed to be aged 45 at valuation date)		
Males	22.7	23.0
Females	25.6	25.9

Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. Asset performance improved in 2024 and early 2025; however, the recent increase in US tariffs on imports has caused significant market volatility. The peak of this market volatility was experienced immediately after 31 March 2025; however, generally lower than expected asset returns were experienced in the month immediately prior to this.

High levels of inflation in the UK (compared to recent experience) have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, inflation has reduced towards historical levels and the Bank of England's target (2% p.a.), with LGPS benefits increasing by 1.7% in April 2025.

There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position as at 31 March 2025 is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025, and will be finalised by 31 March 2026. The FSS will also be reviewed at that time, and a revised version will come into effect from 1 April 2026.

PEN - 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 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.

The following table sets out the present value of promised retirement benefits, the fair value of scheme assets, and the resulting estimated net asset or liability.

	31-March-2024	31-March-2025
Present value of promised retirement benefits	(1,738)	(1,501)
Fair value of scheme assets	1,736	1,763
Net asset/(liability)	(2)	262

To assess the value of the retirement benefits on this basis, the actuary has updated the actuarial assumptions from those used for funding purposes (set out in note 18). The assumptions adopted by the actuary differ between 31 March 2024 and 31 March 2025, with the actuary estimating that the impact of the change in financial assumptions is a decrease in the actuarial present value by £267m. The impact of the change in demographic assumptions is a decrease in the actuarial present value of £4m.

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. Based on these assumptions, the average life expectancies at age 65 are summarised below, along with the financial assumptions.

Assumptions used	31-March-2024	31-March-2025
Financial Assumptions:		
Discount rate	4.8%	5.8%
Salary increase rate	3.3%	3.3%
Benefit increase (CPI)	2.8%	2.8%
Life Expectancy at 65:		
Current pensioners		
Males	21.0	21.0
Females	23.8	23.8
Future pensioners (assumed to be aged 45 at valuation date)		
Males	22.5	22.3
Females	25.4	25.3

All other demographic assumptions are unchanged from last year and are as per the latest valuation of the Fund.

PEN - 20: Current Assets

*Restated 31-March-2024		31-March-2025
£'000		£'000
36,189	Sundry debtors	-
28,060	Cash balances	33,549
64,249	Total	33,549

* Current assets at 31 March 2024 have been restated as set out in the prior period adjustment in Note 25.

PEN - 21: Current Liabilities

*Restated 31-March-2024		31-March-2025
£'000		£'000
(799)	Sundry creditors	(1,347)
(799)	Total	(1,347)

* Current liabilities at 31 March 2024 have been restated as set out in the prior period adjustment in Note 25.

Notes to the Pension Fund (continued)

PEN - 22: Related Party Transactions

Lambeth council administers the Lambeth Pension Fund. Consequently, there is a strong relationship between the council and the pension fund.

No senior officers responsible for the administration of the Fund have entered into any contract, other than their contract of employment with Lambeth council, for the supply of goods or services to the Fund.

The designated key management posts relating to the Fund and their costs to the Fund are disclosed in Note 24.

During the reporting period, the council incurred costs of £2.14m (2023/24 £1.64m) in relation to the administration of the fund and these costs were recharged to the Fund. The Council is also the single largest employer of members of the pension fund and contributed £44.48m to the Fund in 2024/25 (2023/24: £41.30m). At 31 March 2025 the council owed the Fund £0.0m in respect of loans advanced (£30.0m as at 31 March 2024). Loans advanced to the Council in the prior period were set at market rates and aligned with SONIA (Sterling Overnight Index Average) as an appropriate market interest rate benchmark.

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. In addition, the Pensions Committee employee representative is an active member of the Pension Fund.

Members of the Pensions Committee are required to declare interests at each meeting.

London LGPS CIV Limited (LCIV)

The Council is a shareholder in the London CIV asset pool (the organisation set up to run pooled LGPS investments in London) and holds unquoted equities carried at cost, i.e. transaction price of £150,000, and recorded as an investment in the Net Asset Statement.

The Fund's investments in the LCIV are disclosed in Note 14b and as at 31 March 2025 totalled £1,071.1m (£991.2m at 31 March 2024). During the year the Fund made purchases or investments into the LCIV of £149.9m (£21.8m in 2023/24) and redemptions or sales from the LCIV of £133.8m (£74.3m in 2023/24). The Fund paid the LCIV £4.1m in investment management expenses in 2024/25 (£4.0m in 2023/24).

PEN - 23: Contingencies and Commitments

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical amendments for contracted-out defined benefit schemes, which were invalid if they were not accompanied by the correct actuarial confirmation.

In July 2024 the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The Local Government Pension Scheme is a contracted-out defined benefit scheme, and amendments have been made during the period 1996 to 2016 which could impact member benefits. The Government Actuary's Department is undertaking an analysis to determine the impact on public service pension schemes, and at the date of these financial statements that analysis is incomplete, although the government intends to legislate through the forthcoming Pension Schemes Bill to allow for retrospective validation of amendments. As a result, the Lambeth Pension Fund has not made allowance for any potential impacts arising from this case.

There were no other contingent assets or liabilities as at 31 March 2025. As at 31 March 2025 the total investment commitments made to private market funds was £405.85m; capital from these commitments is requested by the fund managers over a period of several years via capital drawdowns and, as at 31 March 2025, the outstanding undrawn commitments totalled £79.97m (at 31 March 2024 the total commitment was £410.50m and the outstanding undrawn capital was £119.35m). A full breakdown of contractual commitments and undrawn capital is shown in the table below.

Fund Manager	Fund	Commitment £'000	Undrawn Capital £'000
Adams Street	Various closed-ended private equity funds	101,279	6,022
Permira	Credit Solutions V	85,000	28,399
Churchill	Middle Market Senior Loan Fund IV	53,345	10,307
London CIV	UK Housing Fund	50,000	28,209
Permira	Credit Solutions IV	45,000	5,938
Invesco	UK Residential Fund	42,000	-
Churchill	Middle Market Senior Loan Fund II	29,224	1,099
Total		405,848	79,974

PEN - 24: Key Management Personnel Remuneration

Restated 2023/24		2024/25
£'000		£'000
183	Short-term benefits	189
258	Post-employment benefits	(42)
441	Total	147

The key management personnel for the Pension Fund are the Section 151 Officer, the Director of Finance, the Assistant Director of Payroll and Pensions, and the Head of Treasury and Pensions at the London Borough of Lambeth.

Their costs have been reasonably apportioned between the Pension Fund Accounts and the Authority's Accounts and are disclosed in the table above. The short-term benefits disclosed above are also included within administration expenses in Note 11. The disclosed post-employment benefits represent the movement in valuation between years, with the latest valuation included in the calculation of the actuarial fair value of promised retirement benefits in Note 19.

The post-employment benefits for 2023/24 have been restated to amend the incorrect disclosure of the total value of those benefits as at 31 March 2024 instead of the movement in value over the year; they were originally reported as £1,318k. The total for 2023/24 was originally reported as £1,501k.

PEN - 25: Prior Year Adjustments

The opening and closing balances of current assets and liabilities in 2023/24 have been restated. These adjustments mainly relate to:

- Outstanding balances owing between the Council and Pension Fund relating to loans and interest payable from the council to the Fund (approximately £15.1m representing principal and interest on a loan advanced by the Fund to the Council in 2022/23 which was repaid in 2023/24);
- Cash in transit journal corrections (approximately £3.0m); and
- Miscellaneous coding corrections to intercompany balances (approximately £1.54m).

The adjustments to correct historical balances have been processed between current assets and current liabilities; the underlying value of net current assets remains unchanged.

Effect on Net Assets Statement 1 April 2024	31 March 2024 Balance as Previously Stated	Impact of Prior Period Adjustments	31 March 2024 Balance Restated
	£'000	£'000	£'000
Investment Assets	1,736,166	-	1,736,166
Investment Liabilities	(26)	-	(26)
Total Investment Assets	1,736,140	-	1,736,140
Current Assets	77,850	(13,600)	64,250
Current Liabilities	(14,400)	13,600	(800)
Net assets of the fund available to fund benefits at the period end	1,799,590	-	1,799,590

Executive Summary

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. To achieve this the council must ensure that it has a governance framework that supports a culture of transparent decision making.

Operating Environment

In setting out this statement, it is important to reflect on the wider context within which Lambeth Council operates and in which services are delivered. It is widely recognised that local government faces an unprecedented funding crisis driven by increased demand and over 14 years of structural underfunding, which is placing major pressure on service budgets across the sector. Dozens of councils are subject either to intervention directly from the Ministry of Housing, Communities and Local Government, or have sought Exceptional Financial Support in recognition of this local government funding crisis.

In Lambeth, these pressures are felt most acutely in a significant demand crisis for areas like temporary accommodation and social care which have seen demand increases which stretch the availability of resources like properties and placements and drive significant overspends in the council's General Fund. At the same time, there is widespread recognition that the self-financial model for Housing Revenue Accounts is unsustainable.

Progress with Addressing Issues and Challenges from 2023/24

Most of the challenges identified in 2023/24 remain as persistent and pervasive throughout local government. They include the impact of the increased cost-of living on the Council and community, national and global economic conditions, increasing demand and costs in key areas such as social care, housing and temporary accommodation and the resulting financial pressure on the whole Council. Whilst there are many actions the Council is taking locally to address these issues, where practical and possible, most of these challenges will remain throughout 2025/26 and the Council will continue to manage them. These include:

- The impact of the cost-of-living crisis on council services and the community
- Increasing demand and costs of social housing and temporary accommodation
- The national and global economic conditions that are impacting the public sector and communities.
- Extreme financial pressures on local government and the urgent need to deliver savings to close the gap in council finances.
- Demand and the costs of adult and children's social care.

In our assessment of 2024/25 and going forward, we have focussed on more specific issues and challenges for the Council. See Appendix 1 for full details.

Key Challenges for 2025/26

Our key challenges relate to achieving financial stability and, whenever possible, addressing the root causes through demand management in social care, housing and temporary accommodation.

The Council's external auditors have issued statutory recommendations related to the Council's financial stability, including Homes for Lambeth, and there is a sharp focus on ensuring the agreed actions are delivered and the Council's financial position improved. We will also focus on delivering, and transparently reporting progress, on management actions arising from internal audit, external audit, peer reviews and regulatory reports to ensure we improve in areas we accept could be more efficient and effective.

Conclusion

The Council is operating in a very challenging environment. Going into 2025/26, we will have a relentless focus on delivering a balanced budget, whilst maintaining valued services, and addressing the statutory recommendations made by our external auditors. We will strive to manage and mitigate the increasing demand in social care and temporary accommodation through preventive interventions, commissioning and insightful procurement. We will ensure clear accountability and value for money through a new, leaner management structure and target operating model.

Overall, we are confident that governance arrangements are good in most areas but there is room for improvement in others. We will monitor progress in delivering the actions identified in this statement, as well as measuring their impact and reporting transparently through the Corporate Committee. We recognise that the continuing sector and operating challenges mean that a relentless focus needs to be applied to maintain and further improve the Council's governance.

Introduction

The London Borough of Lambeth is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. To achieve this the council must ensure that it has a governance framework that supports a culture of transparent decision making.

The Accounts and Audit Regulations (2015) require the council to conduct a review, at least once a year, on the effectiveness of its governance and prepare an Annual Governance Statement. This statement supports the continuous review of the Council's governance arrangements, and we have revised our approach as per the recommendations in the LGA Corporate Peer Challenge.

What is Governance?

Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner. It comprises of systems and processes, cultures and values by which the Council is directed and controlled. The Council has responsibility for conducting an annual review of the effectiveness of its governance framework, including the system of internal control.

Good governance is an essential part of local democracy and through the continued adoption of transparent processes the Council will strive to ensure that strategies, policies, and operational matters are understood by the community.

The Council's Governance Framework

The governance framework at the London Borough of Lambeth comprises the systems and processes, culture, and values which the council has adopted to deliver on the above principles. Lambeth council, like all other councils in England, has a constitution. The constitution sets out how the council operates, how decisions are made and the procedures that are followed to ensure that these decisions are efficient, transparent and accountable to all local people.

The constitution is regularly updated, approved by Full Council and is published on the Council's website

[Constitution | Lambeth Council.](#)

The council has a separate code of governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SoLACE) framework.

The code is available on the Council's website

[The Constitution \(April 2025\).](#)

Operating Environment

In setting out this statement, it is important to reflect on the wider context within which Lambeth Council operates and in which services are delivered. It is widely recognised that local government faces an unprecedented funding crisis driven by increased demand and tight government funding settlements, which is placing major pressure on service budgets across the sector. Dozens of councils are subject either to intervention directly from the Ministry of Housing, Communities and Local Government, or have sought Exceptional Financial Support in recognition of this local government funding crisis.

In Lambeth, these pressures are felt most acutely in a significant demand crisis for areas like temporary accommodation and social care which have seen demand increases which stretch the availability of resources like properties and placements and drive significant overspends in the council's General Fund. At the same time, there is widespread recognition that the self-financial model for Housing Revenue Accounts is unsustainable due to increased regulatory burdens to improve property condition, inflationary cost increases and government decisions to restrict rental income. This places significant pressure on the HRA in Lambeth, as the council is one of the largest council landlords in the country with an ageing stock requiring increased levels of investment. The council is in receipt of Exceptional Financial Support in relation to the Housing Revenue Account and is working closely with the Ministry for Housing, Communities and Local Government on a plan to ensure the financial sustainability of the HRA.

Review of Effectiveness

In considering the effectiveness of the governance arrangements we have followed the guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SoLACE). This guidance defines the principles of good governance in the public sector. The seven key principles are:

- 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

In reviewing the effectiveness of the governance arrangements, the Council monitors and evaluates its decisions, actions, effectiveness and impact throughout the year. Activity undertaken includes:

- Consideration of governance, risk management and internal control issues by Directorate Management Teams and Management Board which includes performance reporting, risk registers, regulatory inspections, peer reviews and internal audit reports.
- The implementation of a new Assurance Board that meets bi-monthly. The Board is chaired by the Chief Executive and includes the Chief Finance Officer, Monitoring Officer, Director of Communications, Strategy & Change, Director of People & Workforce Experience and the Assistant Director for Internal Audit and Counter Fraud. The Board has an agreed programme of work that ensures oversight including other statutory officers (Director of Children's Services, Director of Adults Social Care, Data Protection Officer) as well as information governance, regulatory reports and similar (ICO, CQC, Ofsted, peer challenges) progress reports from other improvement boards (Housing, Children's etc), health & safety, risk and Internal Audit.
- Regular meetings of the Statutory Officers, Chief Finance Officer, Monitoring Officer and Head of Paid Service.
- Internal Audit reports, outcomes and remedial actions which are provided by the Assistant Director 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 the Children's Improvement Board and Housing Improvement Board.
- The independent views of regulatory inspection agencies such as Ofsted and the Housing Regulator.
- The views of external auditors, regularly reported to Corporate Committee, and the Annual Audit Letter.
- The work of the Corporate Committee which includes responsibility for oversight of the Council's governance, risk management and internal control arrangements.
- The implementation of a new questionnaire completed by all Directors and Corporate Directors who provide assurance on the governance arrangements operating in their specific areas and across the wider Council.

When considering the effectiveness of the governance arrangements, it is important to consider specific assurances provided from:

Assurance Statement from the Head of Paid Service

The Head of Paid Service is designated in accordance with the Local Government and Housing Act 1989 and is responsible for the overall corporate and operational management of the council.

The London Borough of Lambeth is committed to improving social justice and tackling social inequality. Our policies are set out in the Lambeth 2030 plan which creates an ambitious and bold future for our Lambeth. To deliver our three bold ambitions; Making Lambeth neighbourhoods fit for the future; Making Lambeth one of the safest boroughs; making Lambeth a place we can all call home by 2030, the plan gives a commitment to get the basics right and deliver great public services consistently and well. At the heart of this is effective governance.

The Annual Governance Statement (AGS) is a valuable means of explaining to the community, service users, taxpayers and other stakeholders the council's governance arrangements and how the controls it has in place manage the risk that it will fail to deliver its strategic outcomes. A description of the council's main governance arrangements is provided in paragraphs 5 and 6 of this AGS. The council has arrangements in place to meet all relevant requirements of the CIPFA/SOLACE Framework including the 7 "core principles". The Chief Executive recognises the importance of having good governance and sound financial management and provide endorsement to the matters set out in this Statement, to further enhance and ensure the delivery of our Council Strategy. The Chief Executive confirms he has been advised of the implications of the review by the Monitoring Officer and Section 151 Officer and is satisfied that the steps outlined in this document will ensure the governance arrangements in place are robust and fit for the future.

Assurance Statement from the Council's Chief finance Officer

As part of the Annual Governance Statement, CIPFA guidance recommends that the Chief Finance Officer provides "a key source of assurance that the Council's systems and procedures of internal control which are in operation are effective, efficient and being complied with". The Chief Finance Officer is to ensure that all parts of the Council act in accordance with the budgetary and policy requirements in connection with the setting of the budget and financial administration standards within the Council.

The Chief Finance Officer is responsible for making arrangements for the development and maintenance of the council's governance, risk, and control framework, ensuring lawfulness and financial prudence of decision making and the administration of financial affairs, in accordance with Section 151 of the Local Government Act 1972.

The definitive Statement on the Role of the Chief Finance Officer in Local Government is set out in a CIPFA publication of 2003. This identifies 5 key roles:

- Maintaining strong financial management underpinned by effective financial controls
- Contributing to corporate management and leadership
- Supporting and advising democratically elected representatives
- Supporting and advising officers in their operational roles, and
- Leading and managing an effective and responsive financial service

I became the Council's Chief Finance Officer on 2nd December 2024. This followed two previous holders of this post since 2022. This assurance statement and my assessment is written within this context. Whilst I cannot specifically comment on the financial processes, procedures and governance prior to my arrival I have provided my view for the financial year 2024-25.

Assessment

The Constitution sets out the Policy and Budgetary Framework within which the Council is required to operate. The Financial Regulations set out the key financial governance, requirements and delegations for the Council.

The Council has in place financial management arrangements to ensure the Council operates within the Framework. The Council's financial systems and processes underpin these arrangements.

The Internal Audit function produces an Audit Plan on an annual basis which provides assurance on all aspects of financial management and adherence to wider governance arrangements. This Plan is approved and progress regularly reported to the Corporate Committee which undertakes the Council's audit committee functions.

All Cabinet or other decision-making body reports have clearly set out financial recommendations and commentary. It is the responsibility of the Chief Finance Officer to ensure that the financial implications of all such decisions are adequately considered and that recommendations are based upon prudent financial advice. The Chief Finance Officer is a member of Management Board and involved in all significant resource decisions and in particular key decisions of the authority.

The Council has a Medium-Term Financial Strategy in place and, like many councils, is in a challenging financial position. However, Lambeth has a number of historic issues it has actively addressed, and continues to address, which have significant implications on its financial stability and sustainability. These coupled with the general financial risks of rising prices, reduced real terms funding and increasing demand for services facing local government places the Council's finances at a greater risk than other councils.

The delivery of the Budget 2025/26 approved by Council in March 2025 within its resource envelope is imperative to the financial stability of the Council. My Assurance Statement, as required by Section 25 of the Local Government Act 2003, presented to Council in March 2025 provides a full assessment on my opinion of the robustness of budget estimates and adequacy of reserves held by the Council. The level of reserves in particular has substantially reduced in recent years as the council has grappled with the financial challenges it has faced both from service demand pressures and structural underfunding.

The Council has in place arrangements to monitor performance against its in-year budget and financial position. Budget Managers undertake monthly monitoring of their budgets, supported by the Finance Service, with the output reported to senior management and Cabinet Members. The financial position is reported to Cabinet on a quarterly basis. These arrangements are being reviewed and strengthened as part of the response to the statutory recommendations.

The Council has prepared financial statements for all financial years and has met the national backstop dates from Government. The 2024/25 draft Accounts were published and have been made available for public inspection and audit.

As part of their audit of the 2023-24 financial year, which was significantly delayed due to the national backlog of unpublished audited accounts, the external auditors gave a disclaimed opinion in accordance with the national backstop position on the Council's Accounts, qualified their opinion on the Pension Fund Accounts and concluded that it was appropriate to make written recommendations under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014 to the Council.

The five statutory recommendations were considered and responded to by the Council on 5 March 2025. The recommendations relate to the Council's financial position and cover the financial year 2024-25, the budget for 2025-26 and the Medium-Term Financial Strategy period, the Council's reserves position and the Council's progress on the financial considerations of the decision to bring Homes for Lambeth in house.

Assessment (continued)

In response I instigated a series of actions to address the 5 recommendations and have reported progress on these to the Council's Corporate Committee. The actions include strengthening spending controls, engaging external expertise to advise on new service delivery models/technical issues, sourcing comparative spend/service performance information to understand Lambeth's position relative to other councils, reviewing reserve levels and developing an updated medium term financial strategy.

In addition, further improvements have been made to the strategic capacity of finance with the recruitment of two experienced finance directors, there is a planned restructure of the finance service to ensure skills/capacity are at the right levels, work has commenced to optimise the efficiency/effectiveness of financial systems/processes and promoting a financial management culture which balances clear accountability with innovation.

Conclusion

I have considered this assessment within the context of the role and responsibilities as the Chief Finance Officer. I conclude that overall it is my assessment that all parts of the Council acts in accordance with the budgetary and policy requirements in connection with the setting of the budget and meets financial administration standards as set out in legislation. There have been no formal reports required by the Chief Finance Officer to Council under the relevant legislation.

However, this conclusion has been arrived at within the context of my commencement in the role late in the financial year, the Council's financial position, actions being implemented to address the statutory recommendations and further improvements being made.

CIPFA Financial Management Code

CIPFA have published a 'Financial Management Code' for local authorities. CIPFA states that compliance with this code is a requirement for all local authorities, but such compliance is not mandated by statute. The code is a best practice guide to financial management in the local authority sector. It covers the following areas:

- Organisational leadership
- Accountability
- Financial management
- Professional standards
- Assurance
- Sustainability

Officers in Finance have undertaken an assessment of the extent of compliance with the requirements of the code. In general, the council's arrangements follow the recommended best practice. The last assessment was presented to the Corporate Committee in September 2024

[Corporate Committee - Lambeth Compliance with the CIPFA Financial Management Code 2023-24.pdf](#)

Assurance Statement from the Monitoring Officer

The Monitoring Officer is designated in accordance with the Local Government and Housing Act 1989. It is the role of the Monitoring Officer to report on matters they believe to be illegal or amount to maladministration, to be responsible for matters relating to the conduct of councillors and to be responsible for the operation of the council's constitution.

The Monitoring Officer supports, and via attendance at Assurance Board, regular meetings with the two other statutory officers, and meetings of key decision-making bodies such as Full Council, Cabinet, Corporate Committee, and the Chief Executive's Management Board, will seek to assist the Senior Responsible Officers to deliver the Action Plan referred to at Appendix C to this Annual Governance Statement. Of particular concern are the issues of the need to deliver financial stability to the Council, and breaches of court orders in relation to housing disrepair. Equally, the Monitoring Officer can confirm that active steps are being taken to learn lessons from the two recent adverse High Court decisions relating to Brockwell Live and the West Dulwich LTN scheme, along with the recent finding made by the Office of the Schools Adjudicator in relation to the amalgamation of two schools.

There have been no significant governance issues in relation to Member code of conduct and complaints for 2024/25. A report on complaints received is taken to Standards Committee on an annual basis, which identifies any trends and lessons to be learnt. The Constitution is kept under review, with proposals for change reported to Full Council as the need arises.

Chief Audit Executive

The role of internal audit is to provide independent and objective assurance that the Council's risk management, governance, and internal control processes are operating effectively, thereby ensuring the Council can achieve its goals. The Chief Audit Executive must deliver an annual internal audit opinion and a report that can be used by the Council to help inform its governance statement.

Internal audit has delivered a programme of activity covering the Council's governance, risk management and internal control arrangements to support an annual opinion. When considering the outcomes of internal audit work undertaken during 2024/25, the implementation of agreed management actions, and other sources of independent assurance, Internal Audit has provided **limited assurance** on the adequacy and effectiveness of the Council's governance, risk management, and internal control arrangements. While there are areas of good practice and improvement, significant weaknesses and challenges remain that require sustained attention.

The full report is available here:

[Agenda for Corporate Committee on Thursday 24 July 2025.](#)

ANNUAL GOVERNANCE STATEMENT 2024/25 (continued)

In reaching the opinion, the following factors were taken into consideration:

- Outcomes of the internal audit assurance and advisory activity undertaken during the year, which forms the primary basis for the opinion.
- Management's progress with implementing agreed management actions arising from internal audit activity.
- Assurance from third parties such as External Audit, the Housing Ombudsman and Office for Standards in Education, Children's Services and Skills (Ofsted).
- Other significant matters including reports from regulators and other independent advisors.
- The operating environment of Local Government, in particular, the significant increases in demand and related financial pressures.

Positive Areas

- The overall balance of assurance opinions this year is favouring positive. 58% of internal audit reports provided reasonable or substantial assurance, showing a modest improvement from the previous year (54%).
- External assurance from bodies such as Ofsted, the Regulator of Social Housing, CIPFA, and the LGA Peer Challenge provided positive assessments of governance, service delivery, and leadership.
- Counter fraud efforts have been effective, with significant recoveries and deterrence outcomes.
- Advisory reviews, such as those on Mosaic, Emergency Support Scheme, and Supporting Families Grant, demonstrate good internal controls.

Areas of Concern

- 42% of internal audits resulted in limited or no assurance, indicating significant weaknesses and/or compliance in nearly half of the areas reviewed.
- Implementation of audit recommendations has been consistently below target, particularly for high-priority actions in 2023/24 and 2024/25 indicating a lack of accountability or capacity to address recognised weaknesses.
- External Audit issued a disclaimed opinion on the 2023/24 accounts and a qualified opinion on the Pension Fund, alongside statutory recommendations under Section 24 of the Local Audit and Accountability Act 2014, the latter raising significant issues over the Council's future financial sustainability.
- The Council requires a £40 million capitalisation direction to balance the Housing Revenue Account, which underscores the Council's financial vulnerability.

Contextual Challenges

- The Council operates in a challenging environment, with increasing demand in social care, housing, and temporary accommodation. These systemic pressures, while not unique to Lambeth, amplify the risks to financial resilience and service delivery.

When considering the opinion readers should note the following:

- Internal Audit must be risk based and is therefore focused on the greatest areas of risk already acknowledged by management.
- Any outstanding actions necessary arising from 2022/23, 2023/24 and 2025/25 will continue to be managed through to conclusion.
- Cabinet Members continue to receive copies of final reports so that outcome and actions may be discussed with senior management.

Progress with Addressing Issues and Challenges from 2023/24

The Council has reflected on the significant governance issues/challenges identified in the 2023/24 Annual Governance Statement and summarised progress made to mitigate them. The outcome of this review is shown at Appendix A including a rating indicating progress.

In summary, most of the challenges identified in 2023/24 remain as persistent and pervasive throughout local government. They include the impact of the increased cost-of living on the Council and community, national and global economic conditions, increasing demand and costs in key areas such as social care, housing and temporary accommodation and the resulting financial pressure on the whole Council. Whilst there are many actions the Council is taking locally to address these issues where practical and possible, most of these challenges will remain throughout 2025/26 and beyond. In our assessment of 2024/25 and going forward, we have focussed on more specific issues and challenges for the Council.

Strengths, Issues and Challenges Identified for 2024/25 and Beyond

Taking all of the above into consideration the council has considered how it is performing against the seven principles of good governance. The assessment is shown at Appendix B.

In summary, our key challenges related to achieving financial stability and, whenever possible, addressing the root causes through demand management in social care, housing and temporary accommodation.

The Council's external auditors have issued statutory recommendations related to the Council's financial stability, including Homes for Lambeth, and there is a sharp focus on ensuring the agreed actions are delivered and the Council's financial position improved. We will also focus on delivering, and transparently reporting progress, on management actions arising from internal audit, external audit, peer reviews and regulatory reports to ensure we improve in areas we accept could be more efficient and effective.

An action plan has been prepared to ensure clear accountability. Progress will be monitored by the Assurance Board and Corporate Committee. The action plan is show at Appendix C

Conclusion

The Council is operating in a very challenging environment. Local government faces an unprecedented funding crisis with tight funding settlements. Demand for temporary accommodation and social care continually increases, and the self-financing model for Housing Revenue Accounts is unsustainable. The challenges we identified in the 2023/24 Annual Governance Statement remain as persistent and pervasive throughout local government and whilst we seek to mitigate them locally, many are impacted by national and global factors.

Going into 2025/26, we will have a relentless focus on delivering a balanced budget, whilst maintaining valued services, and addressing the statutory recommendations made by our external auditors. We will strive to manage and mitigate the increasing demand in social care and temporary accommodation through preventive interventions, commissioning and insightful procurement. We will ensure clear accountability and value for money through a new, leaner management structure and target operating model.

Overall, we are confident that governance arrangements are good in most areas but there is room for improvement in others. We will monitor progress in delivering the actions identified in this statement, as well as measuring their impact and reporting transparently through the Corporate Committee. We understand that the continuing sector and operating challenges mean that relentless focus needs to be applied to maintain and further improve the Council's governance.



Signed on behalf of Lambeth Council:

Leader of Lambeth Council

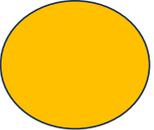
Claire Holland



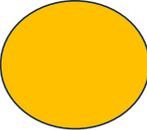
Chief Executive- Lambeth Council

Ian Davies

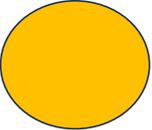
APPENDIX A (continued)

Issue/Challenge from 2023/24 AGS	Progress Update	Status
<p>Impact of the Cost-of-Living Crisis on Council services 2023-24</p> <p>During 2023/24, the cost of living crisis continued to significantly impact residents, leaving many residents struggling to afford to eat and heat their homes. Residents on the lowest incomes continue to be hit hardest by the crisis, widening existing inequalities.</p> <p>Food inflation remains high at 5% (February 2024), the wholesale price of gas is 2.5 times what it was before the crisis and 41% of the borough's residents say it is difficult to pay their energy bills. The continuation of the crisis throughout the year has also caused additional pressure on council services, including increased demand on the council's Emergency Support Scheme.</p> <p>In May 2023, the council announced its Cost of Living Response Action Plan 2023/24. The plan set out a programme of work with the objectives of responding to residents' urgent need, minimising residents' costs, maximising residents' incomes and building residents' financial resilience and ability to manage their debt. The plan delivered 30 interventions, including providing financial support to over 17,000 children during the school holidays, direct awards of up to £550 to 9,000 residents and additional Council Tax discounts for 5200 households. The support provided was targeted to residents who have been disproportionately impacted by the crisis in order to reduce existing inequalities.</p> <p>Whilst inflation has begun to reduce, costs remain significantly higher than before the crisis and key trend data from Citizens Advice indicates that unprecedented demand in relation to energy, food, debt and homelessness support will continue in 2024/25. In the Spring Statement, national government announced further funding for cost of living support (named Household Support Fund). This funding will continue until September 2024. Given the ongoing need to provide support to the borough's financially vulnerable residents, the council will deliver a Cost of Living Response Plan 2024/25, using both the Household Support Fund and council resources.</p>	<p>Three years into the cost-of-living crisis, residents across Lambeth are continuing to struggle with high prices, stagnated wages, and increasingly tight budgets. Whilst inflation reduced during 2024/25, residents in poverty continued to feel the impacts of the crisis disproportionately. Together with partners and organisations throughout the borough, the council has released three cost of living crisis response packages across 2022-2024 to alleviate this financial pressure our most vulnerable residents are facing.</p> <p>In May 2024, the council announced its Cost-of-Living Response Plan 2024/25. The plan set out a programme of work with the objectives of responding to residents' urgent need, minimising residents' costs, maximising residents' incomes and building residents' financial resilience and ability to manage their debt. The plan delivered a range of interventions, including providing financial support to over 17,000 children during the school holidays, pioneering an auto-award approach to Free School Meals, targeted prevention support to residents, particularly those with health conditions, and free period products in community spaces throughout the borough.</p> <p>The council also announced a commitment to developing a longer-term, sustainable approach to tackling poverty in the borough. The subsequently developed action plan will be borough-wide and data-led, focusing on reducing the impact and incidences of poverty in the borough and tackling structural inequalities. The plan will be launched in 2025/26 and funded by the Household Support Fund until end of March 2025/26</p>	<p>Ongoing and being actively managed</p> 

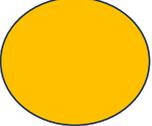
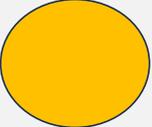
APPENDIX A (continued)

Issue/Challenge from 2023/24 AGS	Progress Update	Status
<p>Social Housing and temporary accommodation</p> <p>Within the housing revenue account (HRA), there are pressures being brought by disrepair claims, rent income not increasing at the same rate as inflation for several years and additional requirements being introduced by the social housing regulator. The HRA reflects the statutory requirement to account separately for all costs and management of the council's housing stock, offset by tenants' rents and service charges, homeowner service charges and other income. The cost of living crisis, and the wider macroeconomic environment continues to make it very difficult for families to sustainably manage their budgets. According to the ONS, average private rents in Lambeth were up 9.2% to April 2024. This is leading to large numbers of households who are unable to find somewhere affordable to live and the council has a legal duty to provide temporary accommodation at a significant and growing cost.</p>	<p>A series of mitigations have been made saving £13m in 2023/24 and a further £9m in 2024/25. Emergency financial support in the form of capitalisation was granted by MHCLG for 2025/26, which has allowed us to stabilise and balance the HRA.</p> <p>Lambeth remains committed to being a good landlord and providing social housing that is of a good standard to our residents. However, due to recent economic volatility and new demands for investment for fire and building safety and decarbonisation, the Housing Revenue Account (HRA) is under severe strain. The HRA self-financing model, introduced by the government in 2012, is not fit for purpose when combined controls on rent have persisted.</p> <p>Managing an ageing, shrinking stock of homes, and upgrading them to meet modern quality and energy efficiency standards is extremely challenging within this model. The cost of new regulatory burdens, the impact of rent cuts, rent caps and rent freezes, the unprecedented scale of inflation in housing services present a significant issue to the HRA. The New Burdens Government doctrine of 2010 not applying to the HRA, places a significant financial challenge on local authorities. Lambeth, along with other inner-city boroughs, is impacted by each of these changes more acutely considering the scale and age of our stock and the impact of inflation in London. New and unfunded regulatory burdens for fire and building safety have cost £76 million over a ten-year period (2018-2028), combined with over a £1 billion lost over 30 years through rent caps and cuts and the impact of inflation estimated to be significantly more than headline rates.</p>	<p>Ongoing and being actively managed</p> 

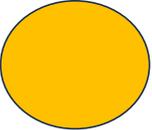
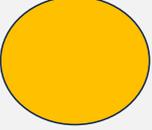
APPENDIX A (continued)

Issue/Challenge from 2023/24 AGS	Progress Update	Status
<p>National and global economic conditions</p> <p>The UK economy started to perform a little better in Quarter 1 2024, but it is still recovering from a shallow recession through the second half of 2023. Quarter 4 2023 saw negative GDP growth of -0.3% while year on year growth was also negative at -0.2%. Despite this, unemployment is currently below 4%, against a backdrop of over 900k of job vacancies, and annual wage inflation is running at above 5%.</p> <p>With gas and electricity price caps falling in April 2024, the CPI measure of inflation - which peaked at 11.1% in October 2022 – has declined to 3.2% at the end of March. It is noted that core CPI was still relatively high at 4.2% in March and, ideally, needs to fall further. Against a backdrop of stubborn inflationary pressures, the Russian invasion of Ukraine, and war in the Middle East, the Bank of England’s Monetary Policy Committee has kept UK interest rates at the peak of 5.25% since August 2023. Although the Euro-zone inflation rate has fallen to 2.4%, the European Central Bank will still be mindful that it has further work to do to dampen inflation expectations.</p> <p>However, with growth steadfastly slow (GDP flat lined in 2023), a June rate cut from the current 4% looks probable. In the USA, despite the markets willing the central bank to cut rates as soon as June 2024, the continued resilience of the US economy, married to sticky inflation, is preventing a change in monetary policy. Markets currently anticipate three rate cuts this calendar year, but two or less would not be out of the question. Currently, policy remains flexible but primarily data driven.</p>	<p>The prevailing economic conditions still represent a challenge for us, as it does all other councils. We continue to monitor and respond to the impacts, particularly as it effects our borrowing costs and assumptions around external income which are a factor of Government borrowing and their stated fiscal rules. Actions taken include a capital review aimed at reducing borrowing as well as a targeted programme of asset sales alongside a refresh of our MTFS and reassessment of assumptions made. Set out below is an update on current conditions.</p> <p>Monthly UK real gross domestic product (GDP) is estimated to have grown by 0.2% in March 2025, following growth of 0.5% in February 2025. Real GDP is estimated to have grown by 0.7% in the three months to March 2025, compared with the three months to December 2024; this is mainly because of widespread growth in the services sector in this period. Monthly services output rose by 0.4% in March 2025, following growth of 0.3% in February 2025, and was the largest contributor to the growth in GDP in the month; services also grew by 0.7% in the three months to March 2025.</p> <p>The Consumer Prices Index (CPI) rose by 3.5% in the 12 months to April 2025, up from 2.6% in the 12 months to March. The largest upward contributions to the change came from housing and household services, transport, and recreation and culture costs. Most forecasters expect inflation to stay above 2% in 2025, falling to 2% in in Q1 of 2027.</p> <p>The Bank of England cut interest rates from 4.5% to 4.25% in early May but the future path of interest rates in the UK has become more uncertain because of US trade policy. The path remains downwards, but according to the Governor of the Bank of England “how far and how quickly is now shrouded in a lot more uncertainty, frankly”. On the other hand, he expects wage growth in the UK to decline in the coming months, suggesting the MPC may feel more confident to cut rates.</p> <p>While there is a consensus that interest rates are expected to be cut further this year, there’s differing opinion on when this will happen and how far rates will go. Financial markets are pricing in around 2 further interest rates cuts this year with the base rate expected to fall to 3.75% by the end of the year. By comparison, in May, markets were pricing in three cuts.</p> <p>Public Sector borrowing was £20.2 billion in April 2025; this was £1.0 billion more than in April 2024 and the fourth-highest April borrowing since monthly records began in 1993. According to the ONS, the current budget deficit – borrowing to fund day-to-day public sector activities – in the FYE March 2025 was provisionally estimated at £70.3 billion; this is £4.3 billion lower than its initial estimate published in April 2025 and is now £9.6 billion more than the £60.7 billion forecast by the OBR.</p> <p>For the global economy, the IMF expects steady yet underwhelming growth rates. Amid escalating trade tensions and financial market adjustments, the IMF has markedly revised down its forecasts for economic growth compared to January 2025. Moreover, it makes it clear that ratcheting up a trade war and heightened trade policy uncertainty may further hinder both short-term and long-term growth prospects.</p>	<p>Ongoing and being actively managed</p> 

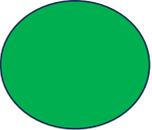
APPENDIX A (continued)

Issue/Challenge from 2023/24 AGS	Progress Update	Status
<p>Recruitment and retention of skilled staff</p> <p>2023/24 was no different to 2022/23 in terms of sector pay discrepancy between public and private sector remuneration, public as always remains behind. In response Lambeth have started to implement short and long term solutions to the recruitment and retention of staff. Notably in critical service areas such as Children’s and Adults there are number of campaigns either underway or planned to address sourcing suitable candidates and their ongoing retention. HR are collaboratively working with all areas of the Council to address retention issues, particularly those in critical services.</p>	<p>Children’s social workers have had two successful campaigns to recruit internationally, bringing in 41 social workers. This includes a wraparound service to ensure they are fully supported both personally and professionally. These two campaigns will also help us reduce agency staff (more expensive) and ensure Lambeth children have continuity of social workers.</p> <p>Social workers, Adults & Children’s – updated our recruitment and retention payments to ensure we are competitive with other London boroughs.</p> <p>We will also be reviewing all our Market Supplements across our hard to fill posts during 25/26 ensuring there is a robust process in place to authorise MFS, review regularly and withdraw when no longer needed.</p> <p>We are building a programme of work to make Lambeth an employer of choice. There are many strands to this, not just recruitment and attraction. We are refreshing our career pages and our processes to ensure we provide excellent candidate care.</p> <p>We have also launched a “social Value” recruitment programme of work aimed at the hard to reach/more vulnerable applicants into employment. Working with the Economy, Skills and Culture team in CIG.</p>	<p>Ongoing and being actively managed</p> 
<p>Transition of HfL into Council responsibility</p> <p>Good progress has been made in the year on the pathway to the closure of HfL. Each of the three separate HfL companies have delivered effectively against their objectives. Governance arrangements for the oversight of the closure are now well established and there is a better understanding of the significant financial risks posed to the Council by the closure. The Council now has a clear set of financial objectives to manage the closure. The closure plan for the next 2-3 years should minimize the financial costs of the closure to the Council.</p>	<p>The Council continues to make progress on its closure plan for HfL. During the year the External Auditors raised a Statutory Recommendation and a VFM Report recommendation in relation to HfL. In response an appraisal of the HfL closure plan was carried out to identify and address the implications for the Council’s General Fund and Housing Revenue Account. The appraisal includes recommendations regarding the appropriate accounting arrangements for transactions in the Council’s accounts relating to HfL. The outcome of this has been reflected into the draft Statement of Accounts 2024/25 in line with the CIPFA Code.</p>	<p>Ongoing and being actively managed</p> 

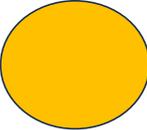
APPENDIX A (continued)

Issue/Challenge from 2023/24 AGS	Progress Update	Status
<p>Financial pressure, delivering savings to close the gap in council finances</p> <p>Lambeth Council has set out the scale of the financial challenge it faces at a time of huge and ongoing pressures on local government finances. It is projected the council could need to save another £70million by 2028, including a savings target of £29.3million for next year. These savings must be found despite increasing demand for council services, the ongoing impacts of the spike in inflation meaning running services cost more and the huge knock on impacts across the public sector of the extended period of Government austerity policies. Lambeth Council already had to find savings of close to £30million in the previous MTFS which was achieved by finding efficiencies, generating income by measures including bringing leisure services back in house, amending fees and charges, while also protecting key services for our most vulnerable residents.</p>	<p>The Council's Medium Term Financial Strategy was updated as part of the annual budget setting process and this factored in budget increases to reflect increases in demand in statutory services. Alongside this, services are working on demand management and further support is being commissioned to scope what may be achieved in this area. The Council has also stepped up its oversight and challenge of savings delivery and is currently reviewing its MTFS as well as commencing its budget development process for addressing savings gaps in future. This will incorporate member-led budget challenge sessions which will review financial performance at a service level including benchmarking data and identify further opportunities for expenditure reductions or increased income going forward.</p>	<p>Ongoing and being actively managed</p> 
<p>Addressing many years of overspends in social care</p> <p>Budget pressures in social care continued during 2023/24 resulting in significant overspends. Departmental and corporate reserves are used for offsetting some financial pressures, however real financial challenges remain. Plans were in place to mitigate the pressures during 24/25 including monthly challenge of higher cost children's placements, the Children's brokerage service's push down on costs and improvements in managing placements and their costs. Plans in adults are to regularly review new demand and placements as they are agreed, to more effectively manage demand and impact of significantly increased costs in new spot placements. However, growth is also needed to reflect demand pressures in London and nationally.</p>	<p>During the financial year 2023/24, Adult Social Care (ASC) faced significant budget pressures, resulting in substantial overspends. Despite utilising departmental and corporate reserves to offset some of these financial pressures, real financial challenges persisted through 2024/25. To address these challenges in the financial year 2024/25, several mitigation plans have been implemented. These include:</p> <ul style="list-style-type: none"> • Fortnightly reviews of ASC placements to ensure cost-effectiveness. • Enhanced focus on preventative interventions at the Front Door to reduce or delay need. • Use of technology to improve workforce efficiency • Focused Commissioning work to manage inflationary uplifts, and the wider market challenges • Increased support for front line staff regarding eligibility decisions • Increase focus on reablement <p>Additionally, growth is necessary to reflect the demand pressures in London and nationally. The ASC team is committed to continuously monitoring and adjusting these plans to ensure financial stability and the delivery of high-quality care services.</p> <p>Despite significant and ongoing demand pressures across Children, Families and Education, (particularly in relation to Special Education Needs and Disability Transport, Agency Staffing and Children's Placements) the outturn variance for 2024-25 was 55k. This is a significant achievement given the previous outturn variances over the last 3 years of 6m (2023-24) 12m 2022-23 and 20m 2021-22. Children, Families and Education have seen a consistent downward trend in its variance, and we fully acknowledge the significant investment in children's services that has underpinned this alongside improvements in resource management. National, regional, and local pressures in relation to SEND, children's placements and staffing, will continue to present budget challenges in 2025-26</p>	<p>Ongoing and being actively managed</p> 

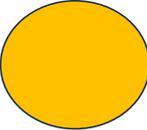
APPENDIX A (continued)

Issue/Challenge from 2023/24 AGS	Progress Update	Status
<p>Reducing pupil numbers and increasing school deficits.</p> <p>There are ongoing challenges as pupil numbers continue to reduce which can make schools less cost efficient and which could add further to the deficit balances held by schools. Additional one-off support for schools in financial difficulty was received from the DfE in 2023/24, which helped deficit schools to support ongoing recovery management. The Pupil Place Planning project has continued through 2023/24 and into 2024/25 to consider options in the face of reducing numbers. However, this may result in one-off costs which would require funding from corporate reserves/ the MTFs. There is also work continuing alongside schools to identify recovery plans and to reduce the deficits</p>	<p>A Pupil Place Planning Strategy has been implemented since 2022, and a decision was made by Formal Cabinet in November 2024 to close two primary schools and amalgamate 4 primary schools due to being financially unsustainable. The amalgamations and closures will result in one-off costs.</p> <p>A School Efficiency Board has been established with external partners and a confidential section with internal staff. The Board will provide governance for the School Efficiency Action Plan which has 9 priorities to manage increasing school deficits.</p>	<p>Managed</p> 

APPENDIX A (continued)

Issue/Challenge from 2023/24 AGS	Progress Update	Status
<p>Improvement of controls around the use of Purchase Cards across the council</p> <p>An internal audit identified a number of high-risk findings relating to purchase card documentation, controls and monitoring. Management actions are in progress which cover a range of areas including: a review of all cardholder spend limits, periodic review of all active card holders to confirm the card is still appropriate for their role, implementing improvements in usage reporting and monitoring (further details provided in the 2023/24 Annual Audit report).</p>	<p>There has been steady but delayed progress in delivering these actions. Activity to date has included:</p> <ul style="list-style-type: none"> • A new updated purchase card policy based on good practice elsewhere has been drafted and will be finalised for implementation before the end of June 2025. • Periodic reviews of reports from the council's bank are reviewed to confirm the monthly credit limit, single transaction limit and blocked spend categories are adhered to. • Increases in spend limits (whether temporary/permanent) are approved only on receipt and verification of approval from Directors. • Weekly monitoring has been implemented and reported (mainly for Children's Services) and is also reported at the periodic Exchequer Board meetings. • Additional access to the ClearPay system has been obtained for Finance staff to minimise the risk of single person dependency. • Additional staff in Accounts Payable have been trained to undertake Purchase Card responsibilities and regular updates are provided at the Accounts Payable management team meeting and team meetings. • Purchase card spend is being analysed to determine the root cause of the need and whether more appropriate purchasing methods can be implemented. <p>Ensuring consistent receipt, review and approval is still proving to be challenging. A new policy is being introduced which means that failure to receipt and approve transactions within one month after the month end will be deemed a breach of financial controls and result in the suspension of the card. Suspensions will be revoked with approval from a Director or above only, and on the condition, all uncleared/unapproved transactions are promptly resolved before the card is reinstated. Persistent failure may lead to disciplinary action being taken. Additionally, if documentation is not uploaded and transactions approved on time on three separate occasions, the purchase card will be deactivated and disciplinary action considered. Access to the card will only be reinstated upon approval from the Corporate Director of Finance.</p> <p>Improvement will be closely monitored in 2025/26 and reported to management, the Corporate Committee and relevant Cabinet Members.</p>	<p>Ongoing and being actively managed</p> 

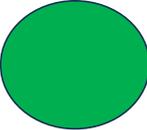
APPENDIX B

Principle	Our Strengths	Our Challenges	Assessment
<p>A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>	<p>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.</p> <p>Codes of conduct requiring the highest standards are in place for staff and Members, and they are required to acknowledge these in writing. The codes of conduct are published and available to all staff and Members on the Intranet.</p> <p>Staff and Members are required to declare an interests as well as any gifts and hospitality they are offered. Member declaration of interests and gifts and hospitality are published on the Council's website.</p> <p>The Council has adopted a set of values and behaviours that were developed in consultation with staff across the council. They are widely published and feature as part of the 'Performing Well' appraisal process. A video supporting the values and behaviours is available to all staff.</p> <p>Our values and behaviours are communicated and shared with the community and partners through agreements and published documents, such as the Borough Plan.</p> <p>All delegated Officer and Member Decisions are published and subject to the requisite scrutiny. Decisions are reviewed by key services to ensure compliance including Finance and Legal Services.</p> <p>Committee, Cabinet and Full Council meetings are held in public, and members are required to declare an interests at the start of each meeting. Minutes show declarations of interest were sought and appropriate declarations made. These meetings have published terms of reference and are supported by Democratic Services.</p> <p>The Council operates a Standards Committee to address any allegations related to member conduct. The Committee is supported by Monitoring Officer and Independent Persons.</p> <p>The Council has adopted a suite of anti-fraud and corruption policies including anti-bribery and money laundering.</p> <p>The Council operates a whistleblowing policy to protect individuals raising concerns and the information is made available to members of the public, employees, partners and contractors via the Council's website.</p>	<p>There have been some occasions when the Council has breached regulations, which have been investigated by Ombudsman, for example in Housing and Social Care.</p> <p>There has also been significant number of breaches of Court Orders (Disrepair works not completed in line with the Court Order) and non-compliance in Care Proceeding cases (e.g. issues with the quality of the supporting evidence).</p> <p>The Council needs to reduce the overall number of active disrepair claims, related court proceedings and reduce related direct and indirect expenditure.</p> <p>The Officer Code of Conduct has not been updated since 2016 and is being reviewed.</p>	

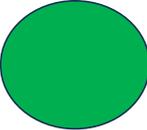
APPENDIX B (continued)

Principle	Our Strengths	Our Challenges	Assessment
<p>A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. (continued)</p>	<p>The council has a two-stage process for handling complaints, supported by the Corporate Complaints Policy, which sets out guidance on logging, handling, and monitoring complaints and for responding to enquiries from the Local Government & Social Care Ombudsman (LGSCO), and the Housing Ombudsman Service (HOS). Complaints performance is monitored closely and published via the Corporate Committee.</p> <p>Lambeth Corporate Complaints Policy - 1 April 2024</p> <p>The Council's Statutory Officers (Chief Finance Officer, Monitoring Officer and Head of Paid Service) meet regularly to discuss any significant governance issues which includes any potential breaches of law, regulations, fraud, and internal controls.</p>		

APPENDIX B (continued)

Principle	Our Strengths	Our Challenges	Assessment
<p>B) Ensuring openness and comprehensive stakeholder engagement</p> <p>Local government is run for the public good. Therefore it is important to ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders. This core principle emphasises that local government bodies exist primarily to provide services that people need, and that this will only be achieved if there is a consistent dialogue in both directions</p>	<p>The council is committed to making sure that people have a say and stake in the decisions that matter. The Lambeth Borough Plan, Lambeth 2030: Our Future, Our Lambeth states that “We will be a listening and open borough that recognises and values our community voices”. 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 through its consultations, a wide range of engagement forums and through the Residents Survey.</p> <p>Shaping Lambeth 2030 with communities and partners was at the centre of the plan. Everyone who lives, visits and works in the borough was invited to share what makes Lambeth unique and why it is important to them, what they would like the future Lambeth to look and feel like and the challenges they are facing now and anticipate on the road to 2030.</p> <p>Lambeth 2030</p> <p>Consideration is given to the institutional stakeholders to whom the Council is accountable to, and assessment made on the effectiveness of the relationships and any changes required.</p> <p>We ensure that clear channels of communication are in place with all sections of the community and other stakeholders and effective monitoring arrangements are in place to ensure that they operate effectively.</p> <p>Information is published on the website about services provided, land and assets owned by the Council, organisational structures and salaries, counter fraud, how money is spent and how services are bought.</p> <p>We deploy a range of research, consultation and engagement techniques so that the selected approach is fit for each given purpose.</p> <p>Taking a planned approach to encourage participation in new initiatives to ensure that the public’s views are incorporated into decision making processes.</p> <p>The Council has a clear Scheme of Delegation with the intention of ensuring a clear transparent, effective, and accountable decision-making process.</p> <p>Recognises and values the diversity of our communities and our workforce. We are committed to providing inclusive services and environments that meet the needs of all our service users and to ensuring that we are an inclusive employer.</p>	<p>Building on the success of health integration and broader partnership working, considering how we integrate people focused services to manage demand more effectively and drive improvements in resident experience.</p>	

APPENDIX B (continued)

Principle	Our Strengths	Our Challenges	Assessment
<p>C) Defining outcomes in terms of sustainable economic, social, and environmental benefits</p> <p>The long-term nature and impact of many of the Council's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the Council's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p>Tackling the interconnected environmental, social and economic inequalities that Lambeth residents face is at the heart of the council's commitment to making Lambeth a borough of equity and justice.</p> <p>As Lambeth 2030 is an overarching strategic borough-wide plan, it is our opportunity to equip communities and collectively overcome these obstacles with a focus on the distinct impacts being felt by those who live, work and visit the borough.</p> <p>Lambeth 2030</p> <p>We have identified three ambitions for Lambeth which are intentionally tied together through the Lambeth Golden Thread – Equity and Justice, with a relentless commitment to tackle inequality at the root cause, focusing on what matters most to our residents.</p> <p>To remain accountable in our delivery of the Borough Plan, both key performance indicators (KPIs) and business plan activity have been mapped to each stated outcomes against the overarching ambitions. Progress against the delivery of the Borough Plan is reported quarterly to Cabinet via Management Board.</p> <p>The Council considers and balances the combined economic, social and environmental impact of policies and plans when taking decisions about service provision, taking a longer-term view with due regard to the wider public interest and potential risks.</p> <p>The Council is committed to acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints.</p>	<p>Continue to strengthen council's approach to quarterly performance reporting by updating the Outcomes Framework and corporate performance report to include corporate health measures</p>	

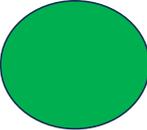
APPENDIX B (continued)

Principle	Our Strengths	Our Challenges	Assessment
<p>C) Defining outcomes in terms of sustainable economic, social, and environmental benefits. (continued)</p>	<p>The Council plays an active role in partnerships to support delivery and engagement with key stakeholders and institutions.</p> <p>In 2024, the Council established the Lambeth Strategic Partnership (LSP), which brings together key anchor institutions from a variety of sectors across the borough to deliver a strategic, joint-working approach to delivering the outcomes laid out in Lambeth 2030 and strengthen our collective voice for Lambeth’s communities and organisations.</p> <p>Lambeth Strategic Partnership</p> <p>The three main functions of the LSP are:</p> <ol style="list-style-type: none"> 1 Delivering Lambeth 2030 – overseeing the implementation of our borough plan, Lambeth 2030, driving action to achieve our ambitions and outcomes for Lambeth residents. 2 Cross-sector collaboration – information sharing and networking, to generate new possibilities and identify collective lobbying asks, as we seek to strengthen our voice regionally and nationally. 3 Responding to external factors – flexibility to re-prioritise areas of focus, beyond those outlined in Lambeth 2030 where required. <p>The LSP is chaired by the Leader of the Council, Councillor Claire Holland.</p> <p>The Council also leads and facilitates several other partnerships, boards and networks that focus on delivering specific thematic areas in relation to our overarching strategic ambitions. This includes:</p> <ul style="list-style-type: none"> • The Lambeth Climate Partnership which comprises twelve founding partners and represents a growing network of organisations based in Lambeth that are actively engaged in climate action. <p>(About us).</p> <ul style="list-style-type: none"> • Lambeth Skills and Employment Board which provides governance over our Lambeth Inclusive Talent Strategy 2025-2030. • Safer Lambeth Partnership & Violence Reduction Partnership which works together to prevent and reduce crime and disorder through an overarching strategy (Safer Lambeth Strategy, 2023-30). • Lambeth Housing Partnership which was established in 2021 and includes more than 10 Registered Providers <p>Lambeth-housing-partnership.</p>		

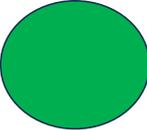
APPENDIX B (continued)

Principle	Our Strengths	Our Challenges	Assessment
<p>C) Defining outcomes in terms of sustainable economic, social, and environmental benefits. (continued)</p>	<ul style="list-style-type: none"> ● Voluntary, Community Sector Network which provide a regular space for a broad range of local organisations to come together to connect with each other, council departments and other key stakeholders, to share experiences and insight, as well as explore different opportunities to collaborate. ● The Lambeth Together Care Partnership Board which brings together representatives to deliver Our Health, Our Lambeth 2023-28. ● Youth Justice Partnership Board which robustly oversees the partnership response to Youth Justice matters and is co-chaired by the Police and Corporate Director of Children, Families & Education. <p>These partnerships are governed through a variety of strategies, terms of reference, regular partnership meetings, chairmanship (including Cabinet Members), sub-groups and key performance indicators.</p>		

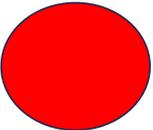
APPENDIX B (continued)

Principle	Our Strengths	Our Challenges	Assessment
<p>D) Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.</p>	<p>The council has in place a robust decision-making process with all reports 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).</p> <p>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 detail (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 to make a valid, legal decision.</p> <p>Read the Decision-Making Guide</p> <p>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.</p> <p>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.</p> <p>The Adults Social Care and Health Scrutiny Sub-Committee is responsible for scrutinising the planning, provision and operation of adult social care and health care related services in Lambeth and considers the health and well-being of the local population. 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.</p> <p>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.</p>	<p>Replicate the improved governance put in place for Children's and Housing in other key areas including the Corporate Committee and Scrutiny Function.</p> <p>The Corporate Committee has been independently reviewed by CIPFA and whilst the committee is operating effectively the review identified some areas for improvement and an action plan has been agreed.</p>	

APPENDIX B (continued)

Principle	Our Strengths	Our Challenges	Assessment
<p>E) Developing the entity’s capacity including the capability of its leadership and the individuals within it.</p> <p>The Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications, and mindset, to operate efficiently and effectively and achieve its intended outcomes within the specified periods. It must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which the Council operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership and of individual staff members. Leadership in the Council is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	<p>Through our One Lambeth transformation programme we are developing our workforce through designing ways of working to come together as one council to deliver our best work for residents and communities to meet the challenges of the future.</p> <p>To ensure we are looking at future workforce needs we have been engaging with the workforce through our Workforce Opinion Survey and Focus Groups. We asked the workforce questions themed around resources and development, inclusion, collaboration, communication and leadership and management, which we will be benchmarking against in future surveys. The results have been shared with staff through our Chief Executive Roadshow and endorsed by Management Board, we are acting on feedback through directorate and corporate actions plans.</p> <p>We have also undertaken a skills survey of our whole workforce to identify where we need to invest in the skills, we need as an organisation to deliver our Lambeth 2030 Borough Plan ambitions.</p> <p>We are investing in developing our strategic leaders, our service leaders and employees with an improved Core Development offer, and a new Accelerated Talent Development Programme for 2025 aimed at retention of high performing employees and improving diversity at senior levels in the organisation, building on the success of our previous diversity talent programmes.</p> <p>We also offer a range of upskilling apprenticeships to our workforce through our Professional Qualification Framework and for 2025 have invested in Level 7 Executive Leadership. We are also developing a new Data, Digital and Technology Virtual Academy for launch in September 2025 to ensure that we are prepared for increasing digitalisation to meet the needs of the future.</p> <p>We are continuing to embed our Performance Management Framework, ensuring that all staff are clear on their roles and responsibilities when it comes to performance to empower staff to be accountable to deliver their best work. We are developing our leaders and managers performance capabilities through Master Classes for managers on individual performance to ensure they have the tools and resources to undertake quality conversations which include SMART objectives aligned to Lambeth 2030 and individual development plans for staff.</p> <p>Members are also offered structured training and 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 to equip them to carry out their duties. Support and information are 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.</p>	<p>Maintaining pace on developing the One Lambeth transformation approach and work to clarify roles and responsibilities across the corporate centre and services.</p> <p>A new Target Operating Model (TOM) is being developed and will be implemented in 2025/26. The TOM will improve the clarity around the role and function of the corporate centre and the proposed relationship with delivery departments, to ensure greater consistency and sharing of good practice across the council, to drive service improvement, efficiency and savings.</p> <p>Refreshing the member development offer to support members and committee to deliver their roles in increasingly challenging circumstances.</p>	

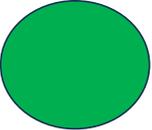
APPENDIX B (continued)

Principle	Our Strengths	Our Challenges	Assessment
<p>F) Managing risks and performance through robust internal control and strong public financial management</p> <p>The Council needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.</p>	<p>The council has in place a 'Risk Management Strategy' policy and procedures. They 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'.</p> <p>Regular reporting of key risks to both management board and Corporate Committee, with the latter operating deep dives into specific risks through Risk spotlights at Committee.</p> <p>In 2024/25, budget and performance information was provided to management teams monthly and Management Board and Cabinet every quarter.</p> <p>Self-Assessment and public reporting via Corporate Committee against the CIPFA Financial Management Code.</p> <p>Production of robust budget and Medium-Term Financial Strategy that is reported and agreed by Cabinet and Full Council.</p> <p>Maintaining an audit committee that has delegated responsibility for oversight of governance, risk management and internal control arrangements.</p> <p>An effective internal audit function that provides independent assurance and advice over the Council's governance, risk management and internal controls reporting publicly to Corporate Committee.</p> <p>Maintaining an overview and scrutiny function through which members robustly scrutinise, challenge and debate proposed policies and objectives to make decision-making processes transparent, accountable and inclusive.</p>	<p>Delivering financial stability and ensuring that expenditure does not exceed budgets, income targets are met and the savings identified in the MTFS are delivered.</p> <p>In February 2025 the Council received statutory recommendations from its External Auditors</p> <p>Recommendations from External Auditors.</p> <p>The Council accepted the recommendations and agreed an action plan</p> <p>Council Response to the External Auditors Recommendations.pdf.</p> <p>Progress will be closely monitored by senior management and the Corporate Committee.</p> <p>In March 2025 the council received a disclaimer of opinion from External Audit for the Council's 23/24 statement of accounts. This is because the government introduced a backstop date which impacted many local authorities who were also issued with the same opinion; it will mean increased audit and scrutiny of the 24/25 accounts. At the same time the Pension Fund for 23/24 was issued a qualified audit opinion.</p>	

APPENDIX B (continued)

Principle	Our Strengths	Our Challenges	Assessment
<p>F) Managing risks and performance through robust internal control and strong public financial management</p>		<p>Preparation of the financial accounts for 2024/25 will very challenging, mainly because of challenges in preparing the accounts for the previous two years.</p> <p>Managing the increased pressure on the Housing Revenue Account because of increased costs, rent cuts, caps and freezes, increasing regulation, the self-financing model, and unfunded burdens. The Council sought a capitalisation direction (permission to borrow money) from MHCLG for £40m to balance the HRA.</p> <p>Compliance with Contract Standing Orders in the constitution is poor for purchases below £100,000 and we need to enhance Procurement's role for input and review of Officer Delegated Decision Report –(ODDR), and Cabinet Member Delegated Decision Report – (CMDDR) where goods/services are being procured.</p> <p>Implementation of management actions arising from internal audit activity has been consistently below target.</p> <p>Responding to demand pressures in social care and the impact on wider health and care system which has led to significant overspending and risks to discharging statutory duties.</p>	

APPENDIX B (continued)

Principle	Our Strengths	Our Challenges	Assessment
<p>G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed but also ensuring that stakeholders are able to understand and respond as the Council plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p>	<p>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.</p> <p>Read the open data page.</p> <p>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 weekly) Other decisions are also included where practicable to assist in providing public transparency and confidence in decision making.</p> <p>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.</p> <p>As stated above, the Council has an effective, compliant in-house internal audit service, that provides independent assurance over governance, risk management and internal control arrangements. When areas of weakness are identified, internal audit makes recommendations which are agreed with management. Responsible Officers are identified and target dates agreed. Management are responsible for delivering these actions and progress is reported to management Board and the Corporate Committee.</p> <p>Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.</p> <p>The Council welcomes peer challenge, independent reviews and inspections from regulatory bodies and seeks to ensure that recommendations are implemented.</p>	<p>In November 2024 the Council participated in a Corporate Peer Challenge.</p> <p>Corporate Peer Challenge Final Report.</p> <p>The review team identified many strengths and also some areas for improvement. The Council agreed with the recommendations and identified an action plan for delivery over the short, medium and long term.</p> <p>Corporate Peer Challenge 2025 Action Plan.</p> <p>Actions arising from the LGAs peer review will be monitored by Management Board.</p>	

APPENDIX C

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
<p>1. Delivering financial stability and ensuring that expenditure does not exceed budgets, income targets are met and the in-year savings identified in the MTFS are delivered.</p>	<p>Spend Control Panel will remain in operation until at least March 2026 which aims to minimise or defer avoidable non-essential expenditure and maximise income generation opportunities.</p> <p>Savings delivery is being closely monitored through systems (In-Phase) which tracks individual savings activity, weekly savings delivery group meetings, reporting to Management Board, Cabinet Members and Cabinet.</p> <p>Budgets are being monitored closely and budget challenge sessions are held regularly to test assumptions and challenge overspending.</p>	<p>All Corporate Directors</p>	<p>On going to 31 March 2026</p>	<p>In addition to the agreed savings approved by Council in March 2025 further savings have been identified as part of the 2026/27 budget process. A number of these are to be implemented 2025/26 to reduce the in-year spend. These savings proposals are set out in the Quarter 2 Finance report to Cabinet.</p> <p>Although these measures are having an impact and the General Fund forecast has improved since Q1, and significantly improved since the 2024/25 year end position, it is emphasised that given where we are in the financial year it is likely that we will end the year with an overspend on the General Fund and the S151 officer is in conversation with Government in terms of the possibility that Exceptional Financial Support (EFS) may be required. This would be in addition to the EFS secured for the HRA for the current year</p> <p>EFS is temporary financial assistance enabling the management of budget shortfalls so that essential services continue to be delivered, while plans are implemented to return to a sustainable balanced budget position. Whilst the S151 officer is confident that a balanced position can be achieved, measures put in place and reviews underway will take time to feed into the underlying financial position and some support will be required in the meantime. EFS normally allows councils to borrow or use capital receipts to fund day to day services, with conditions. Should EFS be sought the Council would look to fund this by a planned programme of asset disposals. Any decisions on asset disposals would be subject to Cabinet approval.</p> <p>Financial performance monitoring has been enhanced to incorporate additional review processes, including the identification of risks and checking of assumptions to ensure consistency. Processes also include the regular monitoring of savings delivery and identification of mitigating actions. In terms of budget setting, all budget proposals are subject to finance review and checking before they are recommended for approval and supported by a standard savings template. Further enhancements will be made following the current budget setting round particularly around earlier and clear timetabling for the development of proposals.</p>

APPENDIX C (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
<p>2. In February 2025 the Council received statutory recommendations from its External Auditors</p> <p>Recommendations from External Auditors.</p>	<p>The Council accepted the recommendations and agreed an action plan</p> <p>Council Response to the External Auditors Recommendations.pdf.</p> <p>Progress is closely monitored by senior management and the Corporate Committee.</p>	<p>Zena Cooke, Corporate Director Resources</p>	<p>Ongoing to 31 March 2026.</p>	<p>Progress is being closely monitored by senior management and the Corporate Committee who have received reports at every meeting with the latest update being presented at the November 2025 committee.</p> <p>The statutory recommendations were issued nine months ago, and the Council has already made substantial progress in addressing both immediate and long-term financial challenges. This is evidenced by the comprehensive action plan presented at every Corporate Committee meeting and reflected in the updates referenced above. However, it is important to acknowledge that some of the deeper structural reforms, such as rebuilding reserves, redesigning the operating model, and implementing service reductions and policy changes, will take time to fully embed and deliver measurable impact.</p>
<p>3. Preparation of the financial accounts for 2024/25 is very challenging, mainly because of challenges in preparing the accounts for the previous two years and the impact of the national backstop, a set of government-mandated deadlines for the publication of audited accounts, implemented to clear the significant audit backlog across England.</p>	<p>The Council recognises it needs to review and improve its accounts preparation as part of its approach to regaining assurance from the external auditor. The Council is in the process of creating a dedicated team to focus solely on accounts preparation and improvement. It is increasing capacity of the team to simultaneously service the 2024/25 audit, commence preparations for the 2025/26 accounts and undertake a review of existing practices/processes with a view to establishing an improvement plan. This includes an additional level of oversight to QA the accounts. Despite this, there remain considerable challenges to fully rebuild assurance quickly and plans are already in train to further strengthen the arrangements.</p>	<p>Zena Cooke, Corporate Director Resources</p>	<p>27 February 2026</p>	<p>The Council is working closely with its external auditors, Mazars, to regain assurance levels on the Accounts following no external audit work and a 'backstop disclaimer opinion' for 2023/24.</p> <p>The Council is undertaking additional quality assurance work on its accounts including review of draft accounts/working papers by a former section 151 officer, external review of HfL loans to ensure compliance with the accounting treatment, compliance with the CIPFA Code and has also commissioned an external review of its balance sheet.</p> <p>In addition, the Council has strengthened its closedown and accounts team to ensure it has the capacity, skills and experience to regain assurance as quickly as possible.</p> <p>The Council recognises that it has found it challenging to compile the financial statements (accounts) This has partly been due to significant delays in previous years' accounts being finalised (November 2024 and February 2025) and the ability to implement external auditor recommendations, particularly on HfL, in a short timescale since then. The Section 151 officer will be reviewing the updated set of accounts before the end of November and taking a decision to republish and rerun the Public Inspection period.</p>

APPENDIX C (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
<p>4. Managing the increased pressure on the Housing Revenue Account because of increased costs, rent cuts, caps and freezes, increasing regulation, the self-financing model, and unfunded burdens. The Council sought a capitalisation direction (permission to borrow money) from MHCLG for £40m to balance the HRA.</p>	<p>An external review of the council's Housing Revenue Account has been commissioned to support the production of the 2026/27 budget, the medium-term financial recovery plan and the 30-year business plan.</p> <p>Management actions are being taken to reduce spending and increase income. The budget position is reviewed monthly and forms part of the formal reporting to Corporate Leadership Team, Cabinet Members and Cabinet.</p> <p>Quarterly progress update meetings are also held with MHCLG officials.</p>	<p>Zena Cooke, Corporate Director Resources</p> <p>Sophie Taylor, Director of Housing Operations.</p>	<p>Ongoing to 31 March 2026</p>	<p>The council's Housing Revenue Account has been subject to a detailed external review, and the outcome of the review is currently being finalised to inform the 2026/27 HRA budget, the financial recovery plan and the 30-year business plan.</p> <p>The HRA is forecasting a £9m underspend in 2025/26 as at Q2. This underspend arises from additional income from leaseholder charges, lower interest costs and lower overhead recharges. It assumes that the £40m of EFS allocated will be fully utilised in 2025/26 on housing disrepair costs.</p> <p>The Council has identified a first tranche of asset disposals to finance the temporary borrowing arising from EFS.</p> <p>The Council is meeting MHCLG on a quarterly basis to report progress on its financial position and recovery, with the latest meeting held in November noting the positive progress.</p>
<p>5. In November 2024 the Council participated in a Corporate Peer Challenge</p> <p>Corporate Peer Challenge Final Report.</p> <p>The review team identified many strengths and also some areas for improvement. The Council agreed with the recommendations and identified an action plan for delivery over the short, medium and long term</p> <p>Corporate Peer Challenge 2025 Action Plan.</p>	<p>Actions arising from the LGA peer review will be monitored by the Corporate Leadership Team.</p>	<p>All Corporate Directors</p>	<p>Short and Medium Term to be completed by 31 December 2025</p>	<p>Actions arising from the LGA Peer Review have been monitored regularly by the Corporate Leadership Team.</p> <p>Progress against the action plan was reported back to the peer challenge team ahead of the progress review which took place in September 2025. The council has received a progress report from the peer team which has acknowledged the significant progress made alongside the financial challenge, as reported to November Cabinet, alongside an action plan update.</p>

APPENDIX C (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
<p>6. Responding to demand pressures in social care and the resulting impact on the wider health and care system which has led to significant overspending and risks to discharging statutory duties.</p>	<p>Mitigation plans have been implemented and will be maintained. These include:</p> <ul style="list-style-type: none"> • Fortnightly reviews of ASC placements to ensure cost-effectiveness. • Enhanced focus on preventative interventions at the front door to reduce or delay need. • Use of technology to improve workforce efficiency. • Focused commissioning work to manage inflationary uplifts, and the wider market challenges • Increased support for front line staff regarding eligibility decisions • Increase focus on reablement <p>Growth is necessary to reflect the demand pressures in London and nationally. The ASC team is committed to continuously monitoring and adjusting these plans to ensure financial stability and the delivery of high-quality care services.</p>	<p>Andrew Eyres, Corporate Director Integrated Health and Adult Social Care</p> <p>Richard Outram, Director of Adult Social Care</p>	<p>Ongoing to 31 March 2026</p>	<p>Integrated Health and Adult Social Care continue to operate tight oversight and scrutiny of spend, savings plans and to identify opportunities for any possible areas for efficiency. The measures previous listed e.g. fortnightly reviews of ASC placements and monthly meetings to consider evaluation of provider uplift requests continue, as does weekly finance and performance meetings to receive any new requests for spend and to consider routine updates on the budget position. Cabinet Members receive monthly budget updates and regular progress updates on MTFS programmes and savings proposals. Adult Social Care has an active demand management programme which has been making progress in managing spend in line with existing budgets and the team continue to report pressures via established survey returns to regional and national Association of Directors of Adult Social Services (ADASS).</p>

APPENDIX C (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
<p>7. Responding to the demand and escalating costs of providing Temporary Accommodation.</p>	<p>Lambeth like other London Boroughs and Council's nationally, has seen a huge increase in the number of households experiencing homelessness, and in the cost of temporary accommodation. To address these challenges there is a focus on:</p> <p>Preventing households from becoming homeless, particularly those who are being evicted from private rented accommodation and those being evicted by friends and family.</p> <p>Supporting households to move on from temporary accommodation into social housing through changes to the allocations policy and private rented accommodation.</p> <p>Reducing the cost to Lambeth of providing temporary accommodation through a shift away from higher cost nightly paid accommodation and through changing the rent levels to mirror the current Local Housing Allowance rates.</p>	<p>Richard Sorenson, Director of Housing Needs and Commissioning</p>	<p>31 March 2026</p>	<p>The revised placement policy is due for approval on 17 November. This will enable an increase in the number of households placed into the private rented sector.</p> <p>New processes have been introduced around out of hours accommodation to increase income by £300k pa. The next phase will be to end the use of hotel accommodation for emergency provision.</p> <p>Overall numbers in temporary accommodation (TA) continue to fall.</p> <p>Despite the additional growth allocated to the TA budget for 2025-26 and the numbers of people entering the service stabilising, there are still significant cost pressures relating to accommodation costs.</p> <p>A pipeline of leased blocks for use as TA is now in place.</p> <p>Further actions are being progressed to reduce the numbers and costs of TA as quickly as possible to within budgeted levels.</p>

APPENDIX C (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
<p>8. Consistent compliance with core financial controls is challenging. This includes areas such as procurement, purchase cards and purchase orders.</p>	<p>We will significantly enhance Procurement’s role for input and review of Officer Delegated Decision Report (ODDR), and Cabinet Member Delegated Decision Report (CMDDR) where goods/services are being procured.</p> <p>We will produce monthly corporate health reports providing analysis for Directorates on their level of compliance with core financial controls including procurement, purchase cards and similar. Directorates will be required to take action to address non-compliance and formal action taken for repeated underperformance.</p>	<p>Zena Cooke, Corporate Director Resources</p>	<p>30 September 2026</p>	<p>For the CMDDR this process is in place, and the procurement category manager and/or AD Procurement is invited to make comments. The AD procurement receives CMDDR’s at Procurement Board.</p> <p>A formal process has been communicated to Directorates for all ODDR’s to come to the AD Procurement prior to circulation/presentation at specific procurement category board meetings and/or DMT meetings.</p> <p>As part of the constitution review the ODDR and CMDDR report templates will be amended to require comments of AD Procurement, adopting a similar approach to Finance and Legal comments.</p> <p>In addition, Procurement provides a quarterly digest on spend and separate PO compliance reports and this information is shared with Directorates for them to take action.</p> <p>Weekly purchase cards compliance reports are generated and distributed to cardholders and their managers. Cards are placed on hold when Oracle transactions remain outstanding for more than 30 days and are only reactivated once those transactions have been processed. Mandatory purchase card training sessions are being introduced in November to reinforce users’ responsibilities. In addition, all new purchase card holders will receive induction training to ensure they understand the compliance requirements from the outset.</p> <p>Internal Audit will present to every Directorate Leadership Team and raise awareness of the role, responsibilities and value of internal audit as well as the importance of establishing and adhering to systems of internal control.</p>

APPENDIX C (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
<p>9. There have been significant number of breaches of Court Orders (Disrepair works not completed in line with the Court Order).</p> <p>The Council needs to improve compliance with Court Orders by reducing the overall number of active disrepair claims, related court proceedings and reduce related direct and indirect expenditure.</p>	<p>Disrepair Case Action Plan will be put in place to strengthen staffing capacity, improve data collection and quality, increase repairs contractor capacity, increase the challenge to new claims. External legal support capacity has been increased whilst compliance with Court Orders is addressed. This will be delivered alongside existing improvements in overall responsive repairs delivery.</p>	<p>Sophie Taylor, Director of Housing Operations</p>	<p>31 December 2025</p>	<p>Additional staffing and streamlined legal capacity are now in place and action plan is in delivery.</p> <p>The overall case total is now decreasing for the first time, and the total of cases closing is now greater than the number of new cases. As a result of robust processes on new, potentially unjustified claims, there has been an increase in the number of claims that have been withdrawn. The number of penal notices has reduced from 20 at the start of the financial year, to nine.</p> <p>Further work is continuing to analyse the information relating to Court Orders and breaches to continue to improve performance in these areas.</p>

APPENDIX C (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
<p>10. Implementation of management actions arising from internal audit activity has been consistently below target.</p>	<p>All actions will be owned by Directors who will maintain oversight and provide updates. Management will be provided with monthly reports on progress. Assurance Board chaired by the Chief Executive and attended by the Statutory Officers, will maintain oversight and escalate as needed. Corporate Committee will be provided with detailed reporting and officers with overdue actions will be required to attend the Committee meeting to provide a formal response.</p>	<p>Paul Rock, Assistant Director Internal Audit and Counter Fraud</p>	<p>Immediate</p>	<p>All actions are now owned by Directors. Monthly progress reports are provided to Directors, Corporate Directors and the Chief Executive. Assurance Board are maintaining oversight. The Corporate Committee has requested regular updates and has sought action plans from Directors with limited assurance reports in the operational areas. The Chief Executive has written to all Corporate Directors requiring more progress and engagement with internal audit. Directors are invited to attend Assurance Board and provide progress updates on any overdue actions. This area continues to be a challenge, and work is on-going to ensure compliance and performance improves.</p> <p>The Chief Executive and senior leadership continue to prioritise this issue. The fact that direction has been issued at the highest level reflects the seriousness with which the council views internal control weaknesses. The slow pace of implementation is not due to lack of will but rather reflects deeper structural and cultural challenges, including resource constraints, competing priorities, and in some cases, a need for clearer ownership of actions. These will be actively addressed through:</p> <ul style="list-style-type: none"> ● Regular attendance of Internal Audit at Directorate meetings. ● Targeted support for services with persistent implementation delays. ● Directors will attend Assurance Board and Corporate Committee to provide explanations and updates on progress for overdue actions. ● A tiered approach to implementation: <ul style="list-style-type: none"> ➢ Critical actions: 100% implementation within agreed timescales. ➢ High/Medium-risk actions: 85–90% implementation target, with flexibility for justified delays ➢ Where actions cannot be delivered on time, services must provide a documented rationale and revised timeline, subject to approval and oversight by Internal Audit, Assurance Board and Corporate Committee. <p>Regular reporting to senior leadership and the Corporate Committee will include both implementation rates and exception cases, ensuring transparency and accountability</p>

GLOSSARY OF FINANCIAL TERMS

For the purposes of compiling the Statement of Accounts the following definitions have been adopted:

ACCRUALS ACCOUNTING

A basis of accounting in which the effects of transactions and other events on an authority's resources are accounted for when the effects occur; not when the relevant cash receipts or payments take place. For instance, employee costs are treated as an expense as employees provide services to the authority, not when salaries are paid.

BALANCE SHEET

The financial statement that summarises the assets and liabilities of the Council at the end of the financial year and shows how net assets are balanced by the reserves held by the Council.

CAPITAL EXPENDITURE

The expenditure incurred by the Council that is intended to provide longer-term benefits and qualifies to be paid for from capital resources, rather than charged to revenue as it is incurred. The definition covers expenditure that results in the recognition of non-current assets in the Balance Assets and other transactions specified in Government regulations.

COLLECTION FUND

The separate accounting arrangements for the collection of council tax and business rates and the sharing of the proceeds between the Council, Government and other public bodies.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

The financial statement that summarises the expenditure that the Council has incurred in providing services and the income it has generated during the year and other gains and losses arising from changes in the value of assets and liabilities.

CONDITION

Terms attached to a grant or a donated asset that specify how the funding/donation is to be used and that will result in repayment/return to the donor if not satisfied.

CONTINGENT LIABILITY

An asset that the Council might be able to recognise as a result of something that has happened before the year-end, but whose existence will not be confirmed until an uncertain future event (not wholly within the Council's control) either takes place or does not.

DEPRECIATION

The charge made for the use of an item of property, plant or equipment during the year, based on the systematic allocation of its depreciable amount over its useful life.

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.

GENERAL FUND (GF)

The fund into which the Council pays all its revenue income and from which it incurs all its revenue expenditure, unless specifically mandated by law not to.

GOING CONCERN

The assumption made when preparing the financial statements that the functions of the Council will continue in operational existence for the foreseeable future, in particular so that assets can be valued on the contribution they will continue to make to the Council's services rather than the price that would be obtained if they were sold on its liquidation.

GLOSSARY OF FINANCIAL TERMS (continued)

HOUSING REVENUE ACCOUNT (HRA)

The account that ring-fences the running costs for the Council's housing stock and the rents collectable from tenants, ensuring that the service is not subsidised by council tax payers.

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.

MINIMUM REVENUE PROVISION (MRP)

The method by which capital expenditure is financed by setting aside amounts from revenue over the useful life of the relevant asset (or in accordance with some other methodology that prudently approximates this).

MOVEMENT IN RESERVES STATEMENT (MiRS)

The financial statement that shows the balances of capital and revenue resources available to the Council at the year-end, detailing how these balances have been arrived at by adjustments to the financial performance established by proper accounting practices in the Comprehensive Income and Expenditure Statement.

PROVISION

A liability of the Council where there is uncertainty about when it will be settled and/or how much the Council will have to pay. The estimated amount that will be required to settle the liability is charged as an expense when the Council recognises the obligation.

PRIVATE FINANCE INITIATIVE (PFI)

Contracts under which an operator constructs or enhances an asset and then provides services on behalf of the Council through the use of that asset in return for payment. Payments are normally based on a fixed annual sum, but can be reduced if the operator does not achieve targets for availability of the asset or standards of service. Usually includes transfer of ownership of the asset to the Council at the end of the contract.

PRECEPT

A statutory annual demand from another authority for funding which a billing authority will meet by raising council tax.

RESERVES

The balances in the Balance Sheet that show variously the revenue and capital resources available to support the provision of services by the Council, the cumulative effect of statutory adjustments to manage the availability of those resources for particular financial years, and balances of revaluation gains and losses on assets that have yet to be realised.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure that would normally be charged to revenue resources but which Government regulations allows to be treated as capital expenditure and funded from capital receipts or MRP.

STATEMENT OF MOVEMENT ON THE HRA BALANCE

The financial statement that shows the balance on the HRA available to the Council at the year-end, detailing how the balance has been arrived at by adjustments to the financial performance established by proper accounting practices in the HRA Income and Expenditure Statement.

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 principle that an accounting treatment should present the underlying economic substance of a transaction or group of transactions, not their strict legal form.

ABBREVIATIONS USED IN THE ACCOUNTS:

BRS – Business Rate Supplement

CIPFA – Chartered Institute of Public Finance and Accountancy

CIES – Comprehensive Income and Expenditure Statement

CPI – Consumer Price Index

DSG – Dedicated Schools Grant

EIP – Equal Interest and Principal

EIR – Effective Interest Rate

FRS – Financial Reporting Standard

HRA – Housing Revenue Account

IAS – International Accounting Standards

IFRS – International Financial Reporting Standards

MIRS – Movement in Reserves Statement

MRR – Major Repairs Reserve

NNDR – National Non-Domestic Rates

PFI – Private Finance Initiative

PPE – Property, Plant and Equipment

PWLB – Public Works Loan Board

REFCUS – Revenue Expenditure Funded From Capital Under Statute

RICS – Royal Institution of Chartered Surveyors

RPI – Retail Price Index

RSG – Revenue Support Grant

RTB – Right to Buy