Draft Statement of Accounts Lambeth Council

2025/26

CONTENTS

SECTION – 1

NARRATIVE REPORT BY CHIEF FINANCIAL OFFICER

NARRATIVE REPORT BY CHIEF FINANCIAL OFFICER - YEAR ENDED 31 MARCH 2026

Zena Cooke
Corporate Director of Resources and Section 151 Officer

I am pleased to present the Council's 2025/26 statement of accounts.

This foreword provides a guide to the most significant matters reported in the Council's accounts. Lambeth's financial statements for 2025/26 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 – 2025/26
- Explanation of the key financial statements

FINANCIAL CONTEXT

The 2025/26 financial year has been set against a continuing period of significant economic uncertainty and structural pressure within local government finance. While national inflation has moderated from its peak, the cumulative impact of elevated prices, particularly for energy, food, and housing, continues to place sustained pressure on household finances and demand for Council services. Inflation has remained above target levels during 2025, and a large proportion of households continue to report rising living costs, with lower-income residents disproportionately affected.

In Lambeth, these cost of living pressures have translated into increased demand for statutory and preventative services, including housing support, social care, and welfare assistance. Rising levels of need, particularly among vulnerable households, have continued to drive expenditure growth in key service areas. At the same time, the broader local government sector continues to experience a mismatch between funding and demand, with service pressures, in social care, temporary accommodation and special educational needs, growing faster than available resources.

The national funding environment remains challenging. Although the 2025/26 Local Government Finance Settlement included additional funding allocations and targeted grants, the sector overall continues to face structural funding gaps driven by inflation, demographic change, and service complexity. Sector-wide evidence indicates that councils are operating in a context of ongoing financial instability, with many authorities, including Lambeth, needing to make significant savings or rely on exceptional support measures to maintain balanced budgets. Following the application of £50m of Exceptional Financial Support (EFS) to the Council's 2024/25 accounts, a further £46m is applied to 2025/26 in respect of the year-end overspend position and contributions to provisions and reserves. A further £20m was applied to meet the remaining budget gap for the current financial year (2026/27).

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” (2023) 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 such as 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 previous government's decision to restrict rental income. Although the current governments' policy is to allow further flexibility to converge rents from 1st April 2027 to pre-Covid levels this will take time to be fully realised. 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. 2025/26 saw the application of £40m of Exceptional Financial Support to Lambeth's HRA to enable a balanced position.

The 2024/25 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 27 February 2026, the opinion was disclaimed because there was insufficient time for the Auditor to complete work on the statement of accounts. Looking back, in February 2025 the external auditor issued the Council with statutory recommendations in respect of its financial affairs. Responses to those recommendations were approved by Full Council and progress updates on the detailed actions arising from them are being presented to and overseen by the Audit & Risk Committee (formerly the Corporate Committee).

Overall, the financial context for 2025/26 is characterised by constrained resources, rising demand, and the need for continued transformation. The Council’s strategy remains focused on maintaining financial stability in the short term while addressing underlying structural challenges to ensure long-term sustainability. Our response is rooted in the ambition 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.

BOROUGH PLAN – LAMBETH 2030 - OUR FUTURE , OUR LAMBETH

Lambeth is a dynamic London borough, with global institutions that help shape a unique cultural offer – from Waterloo and South Bank, to the vibrance of Brixton and local high streets 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 the exceptional history and the contributions 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. We know that to be the best borough we can possibly be, we must 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.

Setting our collective and strategic vision is the borough plan - Lambeth 2030. Created in 2022 in partnership with businesses, stakeholders, residents and communities, Lambeth 2030 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 to deliver sustainable change.

Our Lambeth 2030 ambitions are to make:

- Lambeth neighbourhoods fit for the future
- Lambeth one of the safest boroughs in London
- Lambeth a place we can all call home
- All underpinned by a commitment to make Lambeth a borough of equity and justice

Delivering these bold ambitions is everyone's responsibility and requires the Council, businesses, partner organisations, community groups, and residents to work together to make them a reality. Guided by this long-term vision, in 2024 we set-up the Lambeth Strategic Partnership, to strengthen partnership working and create a strategic, borough-wide approach to delivering Lambeth 2030, designing place-based innovative solutions for our communities and organisations. This partnership builds and champions the established partnerships eco-system already delivering for residents.

We know we must continue to be ambitious and innovative, especially in the context of significant changes and impacts to the local government financial landscape. Alongside delivering our transformation programme to make sure the Council is best placed to tackle these challenges, we will continue ensuring that our strategies, strengthened partnership activity and performance management are coherent, aligned and driven by delivering 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.

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

Lambeth 2030 : Our Future, Our Lambeth | Lambeth Council

MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2026/27 TO 2029/30

The Medium Term Financial Strategy was agreed in March 2026 as part of the Council's budget and council tax setting report. This sought to provide the financial framework for the four years from 2026/27 to 2029/30. This takes account of the funding settlement and updated estimates of other income sources and expenditure. All aspects of the MTFS will continue to be reviewed and a formal update will be brought to Cabinet in July 2026.

The main objectives of our MTFS are:

- To strengthen and secure Lambeth's financial future, whilst delivering better services for our residents in line with the Borough Plan 2030.
- Prioritise our resources to focus on delivering better outcomes and value for money for residents.
- 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 for the next financial year and to create a longer term MTFS which sustains and strengthens that position over time.
- Provide a robust framework to assist the decision-making process within the Council, exercising probity, prudence, and stronger financial control.
- Manage the Council's finances with a forward looking four year rolling strategy.
- Manage risk, which includes holding reserves and balances at an appropriate and sustainable level.
- Continually review budgets to ensure resources are targeted on our key priorities.

These objectives are at the core of our current MTFS, which sets out the way we will achieve them: through investment in early intervention and prevention to improve outcomes for vulnerable children and adults; continued investment in our award-winning work to tackle violence against women, girls, and young people; a continued focus on improving health and wellbeing across the Borough particularly in relation to the inequalities faced by black and ethnic minority residents, disabled residents and our LGBTQ+ community; through increasing the supply of genuinely affordable homes, and delivering our ambitious growth plan with partners and communities.

In order to manage any risks associated with savings within services Cabinet Members have sought to identify efficiencies and savings that, where possible, do not adversely impact on service delivery. Options have been identified that enhance value for money through evidence based decision making, improving performance and/or reducing internal costs. The delivery of agreed savings is an area of significant risk given their magnitude. Detailed plans are required to ensure that the risk is mitigated, and the saving is delivered and on time. The Council considers key corporate risks through the risk register, which is monitored by the Corporate Leadership Team in addition to regular reporting to the Council's Corporate Committee (the Council's Audit & Risk 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, the Council approached the Government for Exceptional Financial Support (EFS) for the HRA. 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 was expected to exceed the available income and reserves in 2025/26, due to a number of factors, including previous 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 it 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 has been developed for 2026/27 onwards with the aim of producing a sustainable 30-year business plan for the HRA during 2026.

Financial Performance 2025/26

The Council is reporting a net service overspend £16.109m, with significant pressures across the Council. Although there has been some decline in spend in the demand-led areas of Housing, Integrated Health and Adult Social Care and Children, Families and Education, these were partly offset by increases in expenditure in Growth and Environment and Resources. The increases in the latter two areas were largely as a result of not applying flexible use of capital receipts as planned due to the improved Council-wide position rather than increased pressures. The overspends by directorate are set out below (underspends in brackets).

- £4.7325m – Children's Families and Education (including No Recourse to Public Funds)
- £1.232m – Integrated Health & Adult Social Care
- £14.528m – Housing Services (GF)
- £8.137m – Growth & Environment
- £4.786m – Resources
- (£17.308m) – Corporate Items

  £16.109m - Service total
- £19.178m – Corporate Items (one off)

  £35.287m - Total

Financial Performance by Directorate - General Fund

Directorate		Annual Budget 2025/26 £'000	Outturn 2025/26 £'000	Outturn Variance 2025/26 £'000
Children, Families & Education	Income	(13,798)	(20,110)	(6,312)
	Expenditure	132,396	143,441	11,045
	Net	**118,598**	**123,331**	**4,733**
Housing Services	Income	(61,408)	(62,976)	(1,568)
	Expenditure	103,687	119,783	16,096
	Net	**42,279**	**56,807**	**14,528**
Growth & Environment	Income	(157,880)	(156,512)	1,368
	Expenditure	165,968	172,737	6,769
	Net	**8,088**	**16,225**	**8,137**
Integrated Health & Adult Social Care	Income	(112,706)	(128,770)	(16,064)
	Expenditure	241,816	259,113	17,297
	Net	**129,110**	**130,343**	**1,233**
Resources	Income	(163,595)	(189,819)	(26,224)
	Expenditure	232,525	263,535	31,010
	Net	**68,930**	**73,716**	**4,786**
Subtotal	Income	(509,387)	(558,187)	(48,800)
	Expenditure	876,392	958,609	82,217
	Net	**367,005**	**400,422**	**33,417**
Corporate Items	**Net**	**76,445**	**78,101**	**1,656**
***Council Outturn**		**443,450**	**478,523**	**35,073**
EFS Funding				**(46,000)**
Transfers to Reserves				**(10,927)**

*Following the draft position reported to Cabinet as above, the outturn has moved from £35.3m to £35.1m as shown in the table above, change under Corporate items

In February 2026, the Council’s application for £116m of Exceptional Financial Support (EFS) was approved in principle by MHCLG. The £116m was for support across the three years 2024-25 through to 2026-27 in declining amounts, with £46m being available for 2025/26. This has allowed the Council to increase reserves and provisions as at the end of 2024-25, to meet the overspend in 2025-26 and make further contributions to reserves and provisions which improves the Council's ability to deal with anticipated financial challenges, as well as balance the budget for 2026-27. The £46m for 2025/26 was applied to manage the overspend position of £35.1m and a further £10.9m contributed to earmarked reserves.

The 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 the Council can achieve a balanced position, measures put in place and reviews underway will take time to feed through. EFS allows councils to capitalise expenditure to fund day to day services and as stated above can be funded from capital receipts or borrowing. When funded by borrowing, there is a cost of interest to be paid while the debt is outstanding normally to be repaid over 20 years as well as increased Minimum Revenue Provision charge. The Council expects to fund EFS by a planned programme of asset disposals. Any decisions on asset disposals would be in line with the Council’s Strategic Asset Management Framework and subject to formal approval.

Dedicated Schools Grant

The Dedicated School Grant closed with an in-year overspend of £8.475m in 2025-26, primarily within the High Needs Block (HNB), which overspent by £8.9m. This represents an improvement of £2.037m compared with the Quarter 3 forecast overspend of £10.512m, reflecting ongoing adjustments to projected commitments and funding allocations during the final quarter of the year. Whilst this is an overall improvement, the overspend continues to be driven by increasing expenditure on commitments related to Education, Health and Care Plans (EHCPs) across resource bases, mainstream and special schools, alongside rising costs of independent and non-maintained special school placements.

The HNB remains under significant pressure due to increasing demand and complexity of need.

Dedicated Schools Grant (DSG)	24/25 B/F Balances £000's	Budget 2025/26 £000's	Outturn 2025/26 £000's	In-year Variance 25/26 £000's	25/26 c/f Variance £000's
Schools Block	(3,381)	154,624	154,572	(52)	(3,433)
Central School Services Block	-	1,401	1,463	62	62
Early Years Block	(3,653)	51,626	51,191	(435)	(4,088)
High Needs Block	(3,382)	66,642	75,542	8,900	5,518
De-delegated budgets	(253)	(274,293)	(274,293)	-	(253)
	-			-	-
Total Expenditure	**(10,669)**	**-**	**8,475**	**8,475**	**(2,194)**

Housing Revenue Account

Housing Revenue Account (HRA) reported a surplus of £8.005m. The Government agreed the Council's request for £40m Exceptional Financial Support (EFS) for 2025-26 to ensure the budget would be balanced and manage the backlog and pressure of disrepair. A fully resourced action plan to reduce the disrepair caseload is now in place. The Council has utilised the £40m EFS in 2025-26 to finance the costs of the disrepair, set up a provision for future disrepair liabilities and improved the financial stability of the HRA.

Housing Revenue Account	Budget 2025/26 £'000	Outturn 2025/26 £'000	Variance 2025/26 £'000
Total Income	(219,946)	(230,345)	(10,399)
Total Expenditure	259,946	262,340	2,394
Net cost of HRA Services	**40,000**	**31,995**	**(8,005)**
Comprehensive Income & Expenditure Statement - Below Cost of Services	(40,000)	(40,000)	-
(Surplus)/Deficit on the HRA	**-**	**(8,005)**	**(8,005)**
(Increase)/Decrease in HRA Balances		**(8,005)**	

Following the draft position reported to Cabinet, the HRA outturn position changed by a further £0.49m to £7.52m.

Capital

The capital budget for 2025/26 was £212.5m, with £89.6m spent in year, excluding EFS.

The capital programme underspend its budget in 2025/26 by £122.9m or 57.8%. This is due to the General Fund capital review that led to schemes being paused or ceased. The capital review in 25-26 resulted in pausing or ceasing approximately £32m (15%) of projects. All HRA programmes have started and are on site, however delivery and spend extended beyond year end. Additionally, during 2025/26 there was £46m of General Fund EFS (all to be funded from borrowing) and £40m of HRA EFS (funding as below).

Financing the 2025/26 Capital Investment Programme

- £29.0m of grant monies (£33.3m in 2024/25)
- £29.9m (£38.3m in 2024/25) of HRA resources (including Section 20 receipts, the Major Repairs Reserve, and other HRA reserves)
- £5.0m from capital receipts (£11.4m in 2024/25)
- £18.9m from borrowing (£62.7m in 2024/25)
- £5.8m from developers' contributions (£2.5m in 2024/25)
- £1.0m from other internal resources (£0.5m in 2023/24)

  Total (excluding EFS): £89.6m
- 81.9m EFS from borrowing (£46m GF and £35.9m HRA) (£50m in 2024/25)
- 4.1m HRA EFS from Capital receipts (£nil in 2024/25)

  Total (including EFS): £175.6m

General Fund - Capital

Directorate	2025/26 Budget £'000	2025/26 Actuals £'000	2025/26 Variance £'000
Children, Families and Education & NRPF	11,885	2,341	(9,544)
Integrated Health and Adult Social Care	1,541	1,508	(33)
Housing Services (GF)	18,878	8,291	(10,587)
Growth and Environment	78,178	31,163	(47,015)
Resources	10,214	3,644	(6,570)
Total	**120,696**	**46,947**	**(73,749)**
EFS		46,000	46,000
Total	**120,696**	**92,947**	**(27,749)**
Further adjustment following reported draft outturn		265	265
Revised outturn	**120,696**	**93,212**	**(27,484)**

The most significant changes are GF Housing (being the New Homes Programme) which was impacted by the capital pause, G&E impacted by the capital pauses but also high level of slippage and Children, Families and Education where the spend on High Needs is lower than planned.

Capital Investment Programme - HRA

HRA Capital Programme	Budget £'000	Outturn £'000	Variance £'000
Statutory Compliance and Health & Safety	24,319	12,460	(11,859)
Lambeth Housing Programme	36,281	15,627	(20,654)
Lease Extension	4,958	-	(4,958)
Housing delivery	23,385	11,698	(11,687)
Adaptations	2,900	2,334	(566)
Exceptional Financial Support	40,000	40,000	-
(Increase)/Decrease in HRA Balances	**131,843**	**82,119**	**(49,724)**
Further adjustment following reported draft outturn		259	259
Revised outturn	**131,843**	**82,378**	**(49,465)**
Funding:			
Depreciation from HRA		(29,900)	
Capital Receipts		(9,088)	
Grant Funding		(7,490)	
HRA Borrowing		(35,900)	
HRA Capital Funding		**(82,378)**	

The HRA was awarded Exceptional Financial Support for 2025-26 which allows up to £40m of revenue costs to be capitalised. The full £40m EFS was used to fund the cost of disrepair and a provision for cost of claims received but not settled. There is also a high demand for adaptations and funding options are being considered to manage and meet demands. Individual applications are assessed to ensure an adaptation is the best option, with alternatives considered.

Borrowing

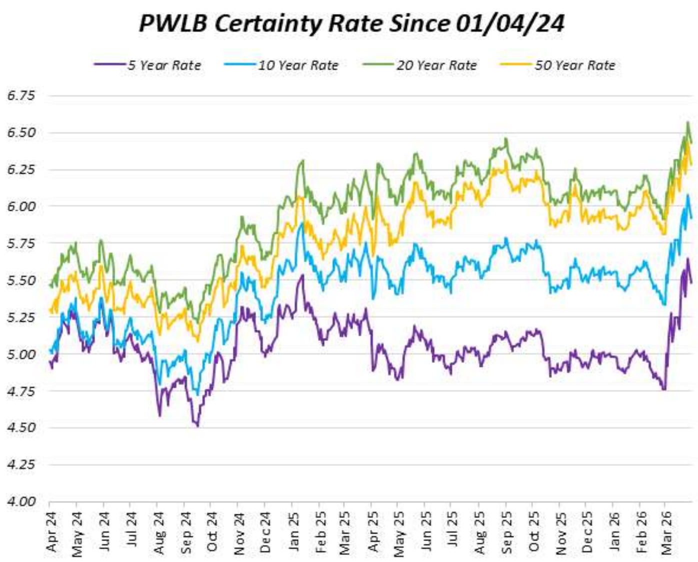
The Council has £1.13b of borrowing as at 31 March 2026, of which £1.13b was sourced from the Government owned Public Works Loan Board (PWLB) and £15m from local authorities.

Borrowing Activity: Year Ending 31 March 2026	PWLB Borrowing £m	Local Authority Borrowing £m	Total £m
Balance as at 01 April 2025	1,094.0	35.0	1,129.0
New borrowing	150.0	15.0	165.0
Repayment	(131.3)	(35.0)	(166.3)
Balance as at 31 March 2026	**1,112.7**	**15.0**	**1,127.7**

The weighted average rate of interest on existing debt portfolio was 4.18%. The interest payable on external borrowing for the year ending 31 March 2026 was £47.2m, against a budget of £41.5m. All existing debt is at fixed rates; the overall average rate payable will increase or decrease depending on the rate at which new borrowing is secured. The Council's Treasury Management Strategy (TMS) prudential indicators set limits on the amount of debt that should be outstanding over a range of time periods, referred to as the debt maturity profile. The purpose of the limits is to allow the Council to manage its refinancing risks and to ensure that debt is not front-loaded in the shorter-term periods. As at 31 March 2026 the average maturity of the Council's debt was 25 years (26 years for PWLB debt only).

Borrowing (Continued)

The chart below demonstrates how PWLB rates have fluctuated from 01 April 2024 up to 31 March 2026 across several periods.



Treasury Management Strategy - Investments as at 31 March 2026

The Council's investment balance as at 31 March 2026 was £32.7m (£1.4m at 31 March 2025). The investments were all in money market funds. Overall net balances have increased by £2.3m over the quarter (from £30.4m at 31 December 2025). Interest received in the quarter was £0.55m at a weighted average interest rate of 3.74%. Treasury investments and redemptions are made on a daily basis as part of the Council's cash flow management

Investment Activity: Year Ending 31 March 2026	Fixed Term Deposits £m	Instant Access Accounts £m	Total £m
Balance as at 01 April 2025	-	1.4	1.4
New investments	869.1	691.5	1,560.6
Maturities	(869.1)	(660.2)	(1,529.3)
Balance as at 31 March 2026	**-**	**32.7**	**32.7**

Investment in other financial assets and property primarily for financial returns or to support service outcomes is classed as non-treasury investment activity; whilst such investments will impact on the treasury function and are usually funded from capital expenditure, they are not managed as part of the normal treasury management function. The actual income receivable from non-treasury investments for the year ending 31 March 2026 is £0.68m (£0.78m in 2024/25)

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.

The opening balances have been adjusted to reflect the application of EFS in 2024-25, which brings the balances to improved opening total of £113.994m. After fully utilising the approved EFS for 2025-26, the closing reserve balance is £116.741m. The application of EFS against the overspend and risk items in 2025-26 allows for the redirection of some planned reserve usage to financial resilience and risk reserves for future years. There is therefore a much lower usage of reserves to meet 2025-26 obligations than would be expected. Overall, the General Reserve level, following the application of £40m of EFS for 2024/25 is now at the S151 recommended level of £45m. Other earmarked reserves have also increased, however, this is very much in the context of the significant financial challenges the Council faces and the need to bridge an MTFS gap of an estimated £130m across the three years from 2027/28.

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-2024 £'000**	**Following EFS - Balance as 31-March-2025 £'000**	**Balance as 31-March-2026 £'000**
General Fund Balance	(30,000)	(45,000)	(45,000)
GF Earmarked Reserves	(105,329)	(62,647)	(76,374)
General Fund Total	**(135,329)**	**(107,647)**	**(121,374)**
HRA Balances (unallocated)	(2)	-	(7,517)
HRA Earmarked Reserves	(14,381)	(6,347)	(6,591)
HRA Total	**(14,383)**	**(6,347)**	**(14,108)**
Council Total	**(149,712)**	**(113,994)**	**(135,482)**

Pension Fund

The Council's share of the assets and liabilities of the Pension Fund shows a net liability of £60.220m (was £121.817m in 2024-25 restated). This included an asset ceiling adjustment of £430.619m. 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 2026. 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 2025/26, which in turn is underpinned by International Financial Reporting Standards.

The Council's accounts 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.

SECTION – 2

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

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.

Statement of Responsibilities – Chief Finance Officer

The Corporate Director of 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.

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 and Audit & Risk 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. This led to a delay in publishing the draft 2024/25 statements for audit and combined with the national backstop position, the Council did not receive a full audit on its accounts. Therefore, the external auditors continued with their disclaimed opinion in accordance with the national backstop position on the Council's Accounts and qualified opinion on the Pension Fund Accounts.

In Autumn 2025, recognising the challenges the Council was facing in preparing its accounts I created a Closedown & Accounts Improvement Plan which contained a series of actions to rebuild assurance and strengthen the quality of the accounts going forward in order to provide the Council with the ability to recover the assurance on its accounts from the external auditor as quickly as possible within the national guidance. The progress against this Improvement Plan has been reported to Corporate Committee and Audit & Risk Committee.

Based on the detailed work undertaken since my appointment in December 2024, the statement of accounts for 2025/26 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 2026, including its income and expenditure, and of the London Borough of Lambeth Pension Fund for the year ended 31 March 2026

22 July 2026

Zena Cooke

Date

Corporate Director of Resources
Section 151 Officer
London Borough of Lambeth

SECTION – 3

INDEPENDENT AUDITOR'S REPORT TO LONDON BOROUGH OF LAMBETH

SECTION – 3

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF LAMBETH Council

Report on the audit of the financial statements

Matters on which we are required to report by exception under the Code of Audit Practice

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

INDEPENDENT AUDITOR’S REPORT TO LONDON BOROUGH OF LAMBETH PENSION FUND

Report on the audit of the financial statements

SECTION – 4

GROUP AND SINGLE ENTITY FINANCIAL STATEMENTS

SINGLE ENTITY 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 2024/25				2025/26			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	Note
142,832	(37,385)	105,447	Children, Families and Education	142,700	(41,782)	100,918	
325,526	(321,842)	3,684	Education and Learning (DSG)	351,042	(334,365)	16,677	
18,133	(187)	17,946	Corporate Items	15,940	(4,556)	11,384	
186,266	(139,597)	46,669	Growth and Environment	179,043	(164,367)	14,676	
117,021	(54,486)	62,535	Housing Services	122,604	(68,786)	53,818	
233,928	(227,195)	6,733	Housing Revenue Account	216,376	(231,900)	(15,524)	
252,672	(166,953)	85,719	Integrated Health and Adult Social Care	238,820	(167,696)	71,124	
270,948	(201,149)	69,799	Resources	261,478	(189,819)	71,659	
1,547,326	**(1,148,794)**	**398,532**	**Cost of Services**	**1,528,003**	**(1,203,271)**	**324,732**	
3,576	-	3,576	Levies	3,945	-	3,945	
19,094	-	19,094	(Gains)/losses on the Disposal of Non-Current Assets	-	(14,075)	(14,075)	
27	-	27	Other Expenditure	-	-	-	
22,697	**-**	**22,697**	**Other Operating (Income)/Expenditure**	**3,945**	**(14,075)**	**(10,130)**	
53,095	-	53,095	Interest Payable and Similar Charges	53,000	-	53,000	*31c*
6,367	-	6,367	Net interest on the Net Pensions Liability	6,405	-	6,405	*42b & e*
-	(3,381)	(3,381)	Investment Interest Income	-	(4,904)	(4,904)	*8 & 31c*
67,091	-	67,091	Impairments on Receivables	54,486	-	54,486	*31b*
-	(1,146)	(1,146)	Impairment Losses / (Gains) on Investments	432	-	432	*8*
126,553	**(4,527)**	**122,026**	**Financing and investment income and expenditure**	**114,323**	**(4,904)**	**109,419**	
-	**(402,458)**	**(402,458)**	**Taxation and non-specific grant income and expenditure**	**-**	**(400,854)**	**(400,854)**	*11*
1,696,576	**(1,555,779)**	**140,797**	**(Surplus)/deficit on provision of services**	**1,646,271**	**(1,623,104)**	**23,167**	
		(4,538)	Loss / (Gain) on revaluation of non-current assets			(130,540)	*22*
		(8,539)	Remeasurement of the Net Defined Benefit Liability			(41,565)	*22 & 42e*
		(13,077)	**Other Comprehensive income and expenditure**			**(172,105)**	
		127,720	**Total Net Comprehensive expenditure / (income)**			**(148,938)**	

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 2024/25				2025/26			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	Note
142,832	(37,385)	105,447	Children, Families and Education	142,700	(41,782)	100,918	
325,526	(321,842)	3,684	Education and Learning (DSG)	351,042	(334,365)	16,677	
18,133	(187)	17,946	Corporate Items	15,940	(4,556)	11,384	
183,066	(139,293)	43,773	Growth and Environment	179,043	(164,367)	14,676	
117,021	(54,486)	62,535	Housing Services	116,589	(62,616)	53,973	
233,928	(225,563)	8,365	Housing Revenue Account	216,376	(231,378)	(15,002)	
252,672	(166,953)	85,719	Integrated Health and Adult Social Care	238,820	(167,696)	71,124	
270,948	(201,149)	69,799	Resources	261,478	(189,819)	71,659	
9,538	(8,884)	654	HFL Group	9,415	(5,091)	4,324	
1,553,664	**(1,155,742)**	**397,922**	**Cost of Services**	**1,531,403**	**(1,201,670)**	**329,733**	
3,576	-	3,576	Levies	3,945	-	3,945	
19,094	-	19,094	(Gains)/losses on the Disposal of Non-Current Assets	-	(14,075)	(14,075)	
27	-	27	Other Expenditure	-	-	-	
22,697	**-**	**22,697**	**Other Operating (Income)/Expenditure**	**3,945**	**(14,075)**	**(10,130)**	
54,812	-	54,812	Interest Payable and Similar Charges	53,000	-	53,000	31c
6,367	-	6,367	Net interest on the Net Pensions Liability	6,405	-	6,405	42b & e
-	-	-	Investment Interest Income	-	(3,676)	(3,676)	8 & 31c
30,729	-	30,729	Impairments on Receivables	54,230	-	54,230	31b
-	(1,146)	(1,146)	Impairment Losses / (Gains) on Investments	432	-	432	8
91,908	**(1,146)**	**90,762**	**Financing and investment income and expenditure**	**114,067**	**(3,676)**	**110,391**	
-	**(399,258)**	**(399,258)**	**Taxation and non-specific grant income and expenditure**	**-**	**(400,854)**	**(400,854)**	11
1,668,269	**(1,556,146)**	**112,123**	**(Surplus)/deficit on provision of services**	**1,649,415**	**(1,620,275)**	**29,140**	
		(4,515)	Loss / (Gain) on revaluation of non-current assets			(130,775)	22
		(8,539)	Remeasurement of the Net Defined Benefit Liability			(41,565)	22 & 42e
		(13,054)	**Other Comprehensive income and expenditure**			**(172,340)**	
		99,069	**Total Net Comprehensive expenditure / (income)**			**(143,200)**	

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 in relation to HFL Companies within the lines under Net cost of services, Investment Interest Income and Impairments on Receivables. Where 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.

SINGLE ENTITY 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.

2025/26	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Note
Balance at 31 March 2025 brought forward	**(117,491)**	**(6,347)**	**(50,967)**	**-**	**(50,356)**	**(225,161)**	**(2,595,546)**	**(2,820,707)**	
Total Net Comprehensive expenditure / (income)	28,349	(5,182)	-	-	-	23,167	(172,105)	(148,938)	
Adjustments between accounting basis and funding basis	(38,761)	(2,579)	(11,851)	-	(325)	(53,516)	53,516	-	21
(Increase) or decrease in 2025/26	**(10,412)**	**(7,760)**	**(11,851)**	**-**	**(325)**	**(30,349)**	**(118,589)**	**(148,938)**	
Balance at 31 March 2026	**(127,903)**	**(14,107)**	**(62,818)**	**-**	**(50,681)**	**(255,510)**	**(2,714,135)**	**(2,969,645)**	
GF and HRA Balance analysed over									
Earmarked reserves (Note 24)	(76,374)	(6,591)							
LMS (Schools) Balance (Note 23b)	(6,530)								
Balances not earmarked (Note 24)	(45,000)	(7,517)							
Balance 31 March 2026	**(127,904)**	**(14,108)**							

Restated 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	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Note
Balance at 01 April 2024 brought forward	**(151,791)**	**(14,383)**	**(40,114)**	**(6,800)**	**(49,274)**	**(262,362)**	**(2,686,065)**	**(2,948,426)**	
Total Net Comprehensive expenditure / (income)	130,810	9,987	-	-	-	140,797	(13,077)	127,720	
Adjustments between accounting basis and funding basis	(96,510)	(1,951)	(10,853)	6,800	(1,082)	(103,596)	103,596	-	21
(Increase)/Decrease in 2024/25	**34,300**	**8,036**	**(10,853)**	**6,800**	**(1,082)**	**37,201**	**90,519**	**127,720**	
Balance at 31 March 2025	**(117,491)**	**(6,347)**	**(50,967)**	**-**	**(50,356)**	**(225,161)**	**(2,595,546)**	**(2,820,707)**	
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)**							

GROUP MOVEMENT IN RESERVES STATEMENT

2025/26	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 2025 brought forward	**(117,491)**	**(6,347)**	**(50,967)**	**-**	**(50,356)**	**(225,161)**	**(2,655,505)**	**(2,880,666)**	**55,402**	**(2,825,264)**
Total Net Comprehensive expenditure / (income)	29,475	(4,660)				24,815	(172,340)	(147,525)	4,323	(143,202)
Adjustments between group accounts and Council accounts	(1,127)	(522)	(1)			(1,650)	(20)	(1,669)	1,669	-
Net increase or decrease before transfers	28,348	(5,182)	(1)	-	-	23,165	**(172,360)**	**(149,194)**	5,992	**(143,202)**
Adjustments between accounting basis & funding basis under regulations	(38,761)	(2,579)	(11,851)		(325)	(53,516)	53,516	-	-	-
(Increase)/Decrease in 2025/26	**(10,413)**	**(7,761)**	**(11,852)**	**-**	**(325)**	**(30,351)**	**(118,844)**	**(149,194)**	**5,992**	**(143,202)**
Balance at 31 March 2026 carried forward	**(127,904)**	**(14,108)**	**(62,819)**	**-**	**(50,681)**	**(255,512)**	**(2,774,349)**	**(3,029,860)**	**61,394**	**(2,968,466)**
GF and HRA Balance analysed over										
Earmarked reserves	(76,374)	(6,591)								
LMS (Schools) Balance	(6,530)									
Balances not earmarked	(45,000)	(7,517)								
Balance at 31 March 2026	**(127,904)**	**(14,108)**								

Restated 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)**	**(14,383)**	**(40,114)**	**(6,800)**	**(49,274)**	**(262,362)**	**(2,708,764)**	**(2,971,126)**	**46,794**	**(2,924,332)**
Total Net Comprehensive expenditure / (income)	99,849	11,619	-	-	-	111,468	(13,054)	98,414	654	99,068
Adjustments between group accounts and Council accounts	30,961	(1,632)	-	-	-	29,329	(37,283)	(7,954)	7,954	-
Net increase or decrease before transfers	130,810	9,987	-	-	-	140,797	(50,337)	90,460	8,608	99,068
Adjustments between accounting basis & funding basis under regulations	(96,510)	(1,951)	(10,853)	6,800	(1,082)	(103,596)	103,596	-	-	-
(Increase)/Decrease in 2024/25	**34,300**	**8,036**	**(10,853)**	**6,800**	**(1,082)**	**37,201**	**53,259**	**90,460**	**8,608**	**99,068**
Balance at 31 March 2025 carried forward	**(117,491)**	**(6,347)**	**(50,967)**	**-**	**(50,356)**	**(225,161)**	**(2,655,505)**	**(2,880,666)**	**55,402**	**(2,825,264)**
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)**								

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.

Group	Council	Group		Council	Group	
* Restated 01-April-2024	* Restated 31-March-2025	* Restated 31-March-2025		31-March-2026	31-March-2026	
£'000	£'000	£'000		£'000	£'000	Note
4,117,949	4,016,102	4,069,897	Property, Plant and Equipment	4,137,093	4,184,731	25b,26
2,595	2,680	2,680	Heritage Assets	2,720	2,720	28a
-	78,036	78,037	Right of Use Assets	77,676	77,676	25c
7,009	5,124	5,124	Intangible Assets	5,443	5,443	27
27,013	28,702	28,702	Long-term Investments	28,270	28,270	31a
1,609	45,027	3,113	Long-term Debtors	36,715	3,057	32a
4,156,175	**4,175,671**	**4,187,553**	**Total Long-term Assets**	**4,287,917**	**4,301,897**	
2,267	1,925	1,925	Assets Held for Sale (within one year)	18,649	18,649	28b
62	64	83	Inventories	66	66	
238,465	242,628	240,538	Short term debtors	218,890	214,920	32b
24,024	44,453	49,987	Cash and Cash Equivalents	33,451	37,372	47
264,818	**289,070**	**292,533**	**Current Assets**	**271,056**	**271,007**	
(144,101)	(177,533)	(177,533)	Short-term Borrowing	(194,499)	(194,499)	31a
(193,635)	(149,098)	(143,764)	Short-term Creditors	(159,742)	(161,856)	33b
(17,758)	(11,707)	(11,707)	Short-term Provisions	(31,821)	(31,821)	39
(27,894)	(20,930)	(20,930)	Grants Receipts in Advance – Revenue	(17,805)	(17,805)	34
(81,165)	(53,682)	(60,904)	Grants Receipts in Advance – Capital	(22,730)	(22,730)	36
(464,553)	**(412,950)**	**(414,838)**	**Current Liabilities**	**(426,597)**	**(428,711)**	
(70,538)	(96,595)	(96,595)	Long Term Creditors	(89,450)	(89,450)	31a
(6,814)	(9,181)	(9,181)	Provisions	(4,019)	(4,019)	39
(798,919)	(962,696)	(964,282)	Long Term Borrowing	(944,296)	(944,295)	31a
(139,390)	(123,817)	(123,817)	Net Defined Benefit Pension Scheme liabilities	(62,220)	(62,220)	42b
(16,448)	(38,795)	(46,109)	Grants Receipts in Advance - Capital	(62,745)	(75,744)	36
(1,032,109)	**(1,231,084)**	**(1,239,984)**	**Long-term Liabilities**	**(1,162,730)**	**(1,175,728)**	
2,924,331	**2,820,707**	**2,825,264**	**Net Assets**	**2,969,646**	**2,968,465**	
(262,362)	(225,161)	(225,161)	Total Usable Reserves	(255,511)	(255,511)	23a
(2,708,764)	(2,595,546)	(2,655,505)	Total Unusable Reserves	(2,714,135)	(2,774,349)	22
(2,971,126)	**(2,820,707)**	**(2,880,666)**	**Total Council Reserves**	**(2,969,646)**	**(3,029,860)**	
46,794	-	55,403	HFL Reserves	-	61,396	
(2,924,332)	**(2,820,707)**	**(2,825,263)**	**Total Reserves**	**(2,969,646)**	**(2,968,464)**	

**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 2026 and its income and expenditure for the year ended 31 March 2026.

Zena Cooke
Corporate Director of Resources
London Borough of Lambeth

22 July 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 2024/25	* Restated 2024/25		2025/26	2025/26	
£'000	£'000		£'000	£'000	Note
140,797	**112,123**	**Net (surplus) or deficit on the provision of services**	**23,167**	**29,140**	
(112,664)	*(91,482)*	*Adjust net surplus or deficit on the provision of services for non-cash movements*	*(113,176)*	*(127,549)*	46a
58,954	58,954	*Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities*	58,243	58,243	46a
87,087	**79,595**	**Net Cash Flows from Operating Activities**	**(31,766)**	**(40,166)**	
57,555	64,664	Investing Activities	19,229	29,243	44
(181,602)	(181,602)	Financing Activities	23,539	23,539	45
(36,960)	**(37,343)**	**Net (increase) or decrease in cash and cash equivalents**	**11,002**	**12,616**	
7,493	12,643	Cash and cash equivalents at the beginning of the reporting period	44,453	49,987	
44,453	**49,986**	**Cash and cash equivalents at the end of the reporting period**	**33,451**	**37,371**	

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

Notes to the Accounts (GENERAL)

Note to the Accounts (GENERAL)

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 2025/26, these proper accounting practices principally comprise:

- The Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (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 Homes for Lambeth (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 with applicable laws and accounting standards.

The Group accounts have been prepared on a 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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. The Council has a policy of not accruing for manual sundry creditors or sundry debtors for less than £10,000 other than if it relates to grant funding or in exceptional circumstances.

Note 1: Statement of Accounting Policies (continued)

a. Basis of Preparation (continued)

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets, pension assets and financial instruments.

b. Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise Council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue to reduce the overall borrowing requirement calculated by the Council on a prudent basis and in accordance with statutory guidance. This annual contribution is known as the minimum revenue provision.

Therefore, so that Council tax funds only what is required, the charges to the accounts (depreciation, revaluation and impairment losses and amortisations) are replaced by the minimum revenue provision with the difference being transferred through the Movement in Reserves Statement to the Capital Adjustment Account in the Balance Sheet.

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

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

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Council holds financial assets measured at:

- 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.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. 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.

Note 1: Statement of Accounting Policies (continued)

c. Financial Instruments (continued)

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model, either on a twelve month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council. 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. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial assets that are measured at Fair Value through Profit or Loss (FVPL) are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. 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. Due to the statutory override any movement in fair value is reversed within the General Fund and taken to the Financial Instruments Adjustment Account or Capital Adjustment Account through the Movement in Reserves Statement.

d. 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.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

<u>Community Infrastructure Levy</u>

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.

Note 1: Statement of Accounting Policies (continued)

e. Leases

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

The Council as Lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial Measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date.
- amounts expected to be payable under a residual value guarantee.
- the exercise price under a purchase option that the Council is reasonably certain to exercise.
- lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option.
- penalties for early termination of a lease unless the Council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent Measurement

The right of use asset is subsequently measured using the current value model for most land and buildings, other than those stated below. Vehicles, plant and equipment are subsequently measured at depreciated historic cost. The Council considers the cost model to be a reasonable proxy, except for:

- assets held under non-commercial leases.
- leases where rent reviews do not necessarily reflect market conditions.
- leases with terms of more than five years that do not have any provision for rent reviews.
- leases where rent reviews will be at periods of more than five years.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the Comprehensive Income and Expenditure Statement.

Low Value and Short Lease Exemption

As permitted by the Code, the Council excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise)

Note 1: Statement of Accounting Policies (continued)

e. Leases (continued)

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against Council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The Council as Lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council’s net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable is apportioned between:

- a charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Note 1: Statement of Accounting Policies (continued)

f. Overheads and Support Services

The costs of overheads and support services are charged to the Housing Revenue Account (HRA) 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 Resources directorate in accordance with the Council's arrangements for accountability and financial performance.

g. Employee Benefits

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 Council. 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 to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the 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.

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 – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- liabilities are discounted to their value at current prices 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, which are determined as set out in the Pension Fund accounting policies later in this document.

Notes to the Accounts (General) (continued)

Note 1: Statement of Accounting Policies (continued)

g. Employee Benefits (continued)

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.

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

- Service cost comprising:
  - i) current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement (CIES) to the services for which the employees worked
  - ii) past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the CIES.
- Net interest on the net defined benefit liability:
  - i) the change during the period in the net defined benefit liability (asset) that arises from the passage of time 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
  - iv) adjustment due to restriction of surplus – if the Council has a net pensions asset at Balance Sheet date, the maximum economic benefit that can be recognised in the accounts (the asset ceiling) is calculated in accordance with accounting guidance (IFRIC 14: IAS 19 – Limit on a Defined Benefit Asset). If the asset ceiling is below the net pensions asset, the net pensions asset is restricted to the asset ceiling.

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

Discretionary Benefits

The 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)

h. 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.

Recognition

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

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

The de-minimis level for capital expenditure is £10,000 and expenditure on assets below the de-minimis level is charged to the revenue account, i.e. the asset is not included in the Balance Sheet, with the exception of Council's maintained schools where the de-minimis level for expenditure incurred is £10,000 for vehicles and £20,000 for land and buildings.

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

Measurement

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the capital adjustment account in the Movement in Reserves Statement.

Assets such as infrastructure, community assets and assets under construction are carried at depreciated historical cost. Surplus Assets are held at Fair Value estimated at highest and best use from a market participant's perspective and Heritage assets are held at historic cost. For assets currently providing a service, if they have no active market then they are held at Depreciated Replacement Cost, for Council Dwellings these are held at Existing Use Value – Social Housing, and for other assets with an active market these are held at Existing Use Value. Right of Use (RoU) assets are held at cost as they are derived from the lease liability calculation and reflects the nature of the portfolio, and for other assets with an active market these are held at Existing Use Value.

From 1 April 2025, the Code requirements changed in respect of revaluations of property, plant and equipment. Where assets are revalued, revaluations are undertaken using one of the following three processes. Indexation should ensure that asset values are kept materially up to date and adjusted for price and market movements year on year.

- A quinquennial revaluation supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years
- For non-property assets only, appropriate indices.

Note 1: Statement of Accounting Policies (continued)

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

Where indices cannot be obtained without undue cost or effort, then the authority revalue those assets using a quinquennial revaluation, with a desktop revaluation in year three. The Council follows a five-year rolling programme, with additional specific valuations undertaken for re-categorisation of assets, indexation is applied to all other assets during the four intervening years. The effective date for annual indexation is 31 March.

The changes of applying indexation relate to the following asset categories: Other Land & Building, Vehicles, Plants, Furniture & Equipment, Surplus assets and Right of Use (RoU) assets measured at current value.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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, an asset can be revalued before the next five yearly revaluation, and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for in the same way as revaluation losses.

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

Depreciation

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).

Depreciation is calculated on a straight-line allocation over the useful life of the asset.

Notes to the Accounts (General) (continued)

Note 1: Statement of Accounting Policies (continued)

h. 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.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Assets Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES against any receipts arising from the disposal as a gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. The value of capital receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Where a local authority-maintained school converts to academy status, the carrying amount of the asset is removed from the Balance Sheet and recorded in the Comprehensive Income and Expenditure Statement as a loss on disposal at the completion of the statutory process.

Note 1: Statement of Accounting Policies (continued)

i. 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.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into four 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
- 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

j. Provisions

Provisions are made where an event has taken place on or before the Balance Sheet date:

- that gives the Council a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

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.

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

Note 1: Statement of Accounting Policies (continued)

k. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Exceptionally, the 2025/26 Code provides that changes to the valuation of non-investment assets as set out in the Code will be applied prospectively, with no restatement of prior year figures.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

l. 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.

m. 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.

n. Rounding

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

o. 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 Council'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.

Note 1: Statement of Accounting Policies (continued)

p. 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 Council's financial statements. Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

q. VAT

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

r. Single Entity Financial Statements and Group Accounts

The Council has material interests in companies and other entities that have the nature of subsidiaries and require it to prepare group accounts. In the Council's single entity financial statements, the Council's interests in its wholly owned subsidiaries are recorded as financial assets at costs, less any provision for losses/impairment.

s. Events after the reporting period

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

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

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

t. Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of Council tax.

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 2025/26. 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.

The Council uses a number of leased properties to meet its statutory duties in providing temporary accommodation. Where leases have a fixed contractual term exceeding three years, the contractual lease term has been used for IFRS 16 purposes. For properties occupied under rolling lease arrangements, management has determined that a three-year lease term represents the period for which it is reasonably certain that the Council will continue to occupy the properties. This judgement reflects the Council's continuing requirement for temporary accommodation, evidence of lease renewals in previous years and the limited availability of suitable alternative accommodation within the local area. The assessment of lease term is a significant judgement and directly affects the value of right of use assets and lease liabilities recognised within the Statement of Accounts.

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 Council's Balance Sheet involve a significant degree of judgement and estimation techniques. The Council 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. Revaluation is supported by indexation in the intervening years, alternatively a desktop valuation in year three in rare cases where no index is available in line with the changes introduced to the 2025/26 Code.

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 2026 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% EUV-SH (social housing) factor applied, which is the standardised Ministry of Housing Communities and Local Government rate for London. The current value of the stock (at 25%) is £2.5bn. 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 £251m.
Valuation of operational property including Right-of-Use assets	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at March 2026 for all of the Council's operational portfolio that were due a valuation under its five-year cycle. The Code no longer requires out-of-cycle revaluations unless there is an indication of impairment when applying IAS 36 - Impairment of Assets, which may require an asset to be fully revalued, however, it requires that an indexation is applied in the intervening years to reflect any change in value as a result of market changes. The estimated remaining useful life of operational assets is reviewed periodically based on the advice from the Council's external valuers.	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. 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.
Impairment allowance for doubtful debts	As at 31 March 2026, the Council had an outstanding balance of short-term debtors totalling £343.4m. Against this debtors balance, there is an impairment allowance of £124.5m. 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.

Notes to the Accounts (General) (continued)

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 Liability	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.	The pension liability totals £62.220m as at 31 March 2026. 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. 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. Variations in the key assumptions will have the following estimated impact on the scheme obligation and therefore the net liability (LGPS element): • A 0.1% decrease in the discount rate will increase the net pension liability by £22.081m; • An increase of one year in longevity will increase the net pension liability by £64.260m; • A 0.1% increase in the assumed level of salary increases will increase the net pension liability by £0.761m; • A 0.1% increase in the assumed level of pension increases will increase the net pension liability by £21.309m.
Self-Insurance	The Council has recognised a year end provision of £6.0m for future claims under its self-insurance arrangements. This amount is a component of the overall insurance reserve.	An increase in the estimated average settlement of 10% during the forthcoming year would increase the provision required by £0.6m.

Note 4: Accounting Standards Issued but Not Yet Adopted

At the balance sheet date, there are no changes in accounting requirements for 2026/27 that are anticipated to have a material impact on the Council's financial position.

- The 2026/27 Code of Practice will include Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). There are two main amendments. Firstly, clarification that a financial liability is to be derecognised on the settlement date, but with introduction of an accounting policy option for earlier derecognition for electronic payments where specified conditions are met. Secondly, clarification on how the 'solely payments of principal and interest' test applies to financial assets with Environmental, Social, and Governance (ESG)-linked features. The Council does not expect a material impact on its financial performance or position as a result of this change.

- The 2026/27 Code will bring in amendments to FRS 102 The Financial Reporting Standard in relation to Heritage Assets. Heritage assets are held by the Council principally for their contribution to knowledge or culture. They are recognised and measured in accordance with the Council's accounting policies on property, plant and equipment. The Council does not expect this change to have a material impact on the recognition, measurement or disclosure of Heritage Assets within the Statement of Accounts.

Note 5: Post Balance Sheet

There have been no conditions arising after 31 March 2026 that require disclosure as material for a proper understanding of the Council’s financial position at that date.

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.

Restated 2024/25					2025/26			
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
113,444	(12,149)	4,152	105,447	Children, Families and Education	120,581	(21,672)	2,009	100,918
(8,464)	12,147	1	3,684	Education and Learning (DSG)	10,633	1	6,043	16,677
26,168	(10,843)	2,621	17,946	Corporate Items	21,606	(13,710)	3,488	11,384
21,519	13,468	11,682	46,669	Growth and Environment	21,424	(29,729)	22,981	14,676
65,803	(8,682)	5,414	62,535	Housing Services	56,807	(2,422)	(567)	53,818
85,309	(119)	529	85,719	Integrated Health and Adult Social Care	125,313	(42,424)	(11,765)	71,124
69,310	(43,001)	43,490	69,799	Resources	73,716	(4,516)	2,459	71,659
373,089	**(49,179)**	**67,889**	**391,799**	**Net Cost of Services excluding HRA**	**430,080**	**(114,472)**	**24,648**	**340,256**
(43,087)	-	49,820	6,733	Housing Revenue Account	(7,761)	5,476	(13,239)	(15,524)
330,002	**(49,179)**	**117,709**	**398,532**	**Net Cost of Services including HRA**	**422,319**	**(108,996)**	**11,409**	**324,732**
(287,666)	49,179	(19,248)	(257,735)	Other Income and Expenditure	(440,494)	108,998	29,931	(301,565)
42,336	**-**	**98,461**	**140,797**	**(Surplus)/Deficit**	**(18,175)**	**2**	**41,340**	**23,167**
			(166,174)	*Opening General Fund and HRA Balance 1 April				(123,838)
			42,336	Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year				(18,175)
			(123,838)	***Closing General Fund and HRA Balance at 31 March**				**(142,013)**

(*) 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

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

Restated 2024/25					2025/26			
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
8,510	(4,358)	-	4,152	Children, Families and Education	10,205	(8,705)	509	2,009
-	-	-	-	Education & Learning (DSG)	-	-	6,043	6,043
3,980	(1,719)	360	2,621	Corporate Items	11,535	(2,932)	(5,115)	3,488
13,879	(2,197)	-	11,682	Growth and Environment	26,881	(4,518)	618	22,981
5,810	(395)	-	5,415	Housing Services	173	(811)	71	(567)
51,543	(1,746)	23	49,820	Housing Revenue Account	(9,864)	(3,431)	56	(13,239)
1,681	(1,152)	-	529	Integrated Health and Adult Social Care	(9,701)	(2,409)	345	(11,765)
45,323	(1,833)	-	43,490	Resources	5,555	(3,631)	536	2,460
130,726	**(13,400)**	**383**	**117,709**	**Net Cost of Services**	**34,784**	**(26,437)**	**3,063**	**11,410**
(14,281)	6,367	(11,334)	(19,248)	Other income and expenditure from the Funding Analysis	15,996	6,405	7,529	29,930
116,445	**(7,033)**	**(10,951)**	**98,461**	**Difference between (Surplus)/Deficit and the CIES Statement (Surplus)/Deficit on Provision of Services**	**50,780**	**(20,032)**	**10,592**	**41,340**

Adjustment for Capital Purposes

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

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

Net Charge for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

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

Note 7: Note to the Expenditure and Funding Analysis

Other Statutory Adjustments

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

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

Note 8: Expenditure & Income Analysed by Nature

Restated 2024/25 £'000		2025/26 £'000
	Expenditure	
436,712	Employee benefits expenses	434,962
1,004,127	Other services expenses	1,029,487
112,881	Depreciation, amortisation, impairment	69,959
53,095	Interest payments	53,000
3,576	Precepts and levies	3,945
19,094	Loss/(Gain) on the disposal of assets	-
67,091	Impairments on Receivables	54,486
-	Impairment Losses / (Gains) on Investments	432
1,696,576	**Total expenditure**	**1,646,271**
	Income	
(423,786)	Fees, charges and other service income	(476,905)
(3,381)	Interest and investment income	(4,904)
-	Gain on the disposal of assets	(14,075)
(1,146)	Impairment Losses / (Gains) on Investments	-
(283,609)	Income from Council tax, non-domestic rates	(295,432)
(843,857)	Government grants and contributions	(831,788)
(1,555,779)	**Total income**	**(1,623,104)**
140,797	**(Surplus) or Deficit on the Provision of Services**	**23,167**

Note 8a: Group Expenditure & Income Analysed by Nature

Restated 2024/25 £'000		2025/26 £'000
	Expenditure	
438,210	Employee benefits expenses	435,852
1,008,472	Other services expenses	1,031,615
113,377	Depreciation, amortisation, impairment	70,342
54,812	Interest payments	52,999
3,576	Precepts and levies	3,945
-	Payments to Housing Capital Receipts Pool	-
19,094	Loss/(Gain) on the disposal of assets	-
30,728	Impairments on Receivables	54,230
-	Impairment Losses / (Gains) on Investments	432
1,668,269	**Total expenditure**	**1,649,415**
	Income	
(430,735)	Fees, charges and other service income	(478,835)
-	Interest and investment income	(3,676)
	Gain on the disposal of assets	(16,324)
(1,146)	Impairment Losses / (Gains) on Investments	-
(283,609)	Income from Council tax, non-domestic rates	(295,432)
(840,657)	Government grants and contributions	(826,010)
(1,556,147)	**Total income**	**(1,620,277)**
112,122	**(Surplus) or Deficit on the Provision of Services**	**29,138**

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:

2024/25		2025/26
£'000		£'000
955	Fees with regard to external audit services carried out by the appointed auditor for the year	701
33	Fees for the certification of grant claims and returns for the year	35
-	Fees for non-audit services	-
988		**736**

GRANT INCOME, CONTRIBUTIONS AND TAXATION

Note 11: Breakdown of Taxation and Non-Specific Grant Income

2024/25		2025/26
£'000		£'000
(33,475)	Capital grants and Contributions – other (see note 12)	(24,566)
(160,702)	Council Tax income	(169,728)
(52,404)	NNDR Retained Income	(54,212)
(70,503)	Top-Up grant – business rates retention scheme	(71,492)
(32,710)	NNDR S31 Grant	(30,996)
(39,729)	Revenue Support Grant	(40,462)
(12,935)	Other Non-service related grants (see note 13)	(9,397)
(402,458)	**Taxation and Non-Specific Grant Income**	**(400,853)**

Note 12: Capital Grants and contributions

2024/25 £'000		2025/26 £'000
	Credited to Taxation and non-specific grant income	
(4,740)	Transport for London	(3,449)
(131)	Business Energy & Industrial Strategy	-
(2,470)	Section 20 Receipts	(563)
(6,287)	Standard Fund	(5,405)
(1,402)	S106 developers' contributions	(4,849)
(3,651)	GLA	(394)
(2,143)	Heritage Lottery fund	(174)
(3,905)	Ministry of Housing, Communities and Local Government	(8,447)
(2,493)	Energy Security & Net Zero	-
(6,253)	Other Grants - Capital (under £1.5m)	(1,284)
(33,475)	**Total of Non-ringfenced government grants**	**(24,565)**
	Credited to services	
-	Office for Zero Emission Vehicles	(1,414)
-	Standards Fund	(616)
(3,791)	Ministry of Housing, Communities and Local Government	(1,385)
(1,612)	GLA	(6,205)
(274)	Other Grants-Capital (under 1.5m)	(5)
(5,677)	**Total Credited to Services**	**(9,625)**
(39,152)	**Grand Total**	**(34,190)**

Note 13: Other Revenue Grant Income

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

2024/25 £'000	Credited to Taxation and Non Specific Grant Income	2025/26 £'000
(9,527)	Community Infrastructure Levy	(3,730)
	Employer National Insurance Contributions Grant	(3,788)
(1,225)	New Homes Bonus & New Homes Bonus Top Slice	(65)
	Recovery Grant from CSP	(1,281)
(779)	Services Grant	-
(1,404)	Grants Under £1.5m	(533)
(12,935)	**Total Credited to Taxation and Non Specific Grant Income**	**(9,397)**

2024/25 £'000	Credited to services	2025/26 £'000
(5,191)	Additional Grant for Schools	(4,879)
(2,569)	Adult and Community Learning	(2,928)
(33,912)	Adult Social Care Support	(40,171)
(3,492)	Adult Social Care Discharge Fund	-
(15,782)	Better Care Fund - S75 Pooled Budget	(18,085)
-	Children's and Families Grant - Families First*	(3,010)
-	Children's Services Prevention Grant*	(1,988)
(140)	Community Discharge Grant	-
(33,657)	Contributions from health authorities	(30,498)
(862)	Covid catch-up Premium - Schools	-
(254,589)	Dedicated Schools Grant	(274,293)
(952)	Discretionary Housing Payment	(952)
-	Extended Producer Responsibility*	(4,185)
(1,336)	Family Hubs And Start For Life Programme	(1,271)
(1,241)	Holiday Activities And Food Programme	(1,264)
(7,951)	Homelessness Reduction Act	(14,095)
(1,604)	Homes for Ukraine	(1,488)
(5,441)	Household Support Fund	(4,767)
(178,183)	Housing Benefit Subsidy	(151,700)
(14,946)	Improved Better Care Fund	(18,439)
-	Public Health Contributions	(3,948)
(1,601)	Local Digital Fund	(1,284)
(6,602)	Market Sustainability And Fair Cost Of Care	(6,602)
(3,298)	Mayor's Universal Free School Meals Fund	(3,248)

*In 2024/25 these grants were classified as taxation and non-specific grant income

Notes to the Accounts (General) (continued)

Note 13: Other Revenue Grant Income (continued)

2024/25 £'000	Credited to services (Continued)	2025/26 £'000
(12,952)	Other contributions income for schools	(8,060)
(23,595)	Other non-government Grants contributions under £1.5m	(14,005)
(17,296)	Other government grants - Revenue (under £1.5m)	(15,651)
(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)
(3,135)	PFI Support Grant Income – Other	(1,388)
(36,976)	Public Health Grant	(39,160)
(12,518)	Pupil Premium	(11,784)
(2,375)	Rough Sleeping Grant	(2,291)
(2,791)	Section 106	(3,763)
(2,628)	Supplementary Substance Misuse Treatment & Recovery	(3,197)
(4,136)	Teachers' Pension Grant	(501)
(2,870)	Teachers’ Pay Grant	(3,130)
(4,141)	Unaccompanied Children’s Grant	(4,476)
(2,005)	Universal Infant Free School Meals	(1,979)
(8,904)	Young People's Learning Agency (previously Learning and Skills Council) 6th Form Grant	(8,604)
(719,331)	**Total Credited to Services (Grants and Contributions)**	**(716,744)**
(732,266)	**Grand Total**	**(726,141)**

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 a Council-wide basis and the other for the Individual Schools Budget (ISB), 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 2025/26 are as follows:

	Central Expenditure	Individual Schools Budget	Total
	£'000	£'000	£'000
Final DSG for 2025/26 before academy and high needs recoupment			366,584
Academy and high needs figure recouped for 2025/26			91,770
Total DSG after academy and high needs recoupment for 2025/26			**274,814**
Plus: Brought forward from 2024/25			13,413
Less: Carry-forward to 2026/27 agreed in advance			-
Agreed initial budgeted distribution in 2025/26	**74,167**	**214,060**	**288,227**
In year adjustments	-	(521)	(521)
Final budget distribution for 2025/26	**74,167**	**213,539**	**287,706**
Less: Actual central expenditure	76,943		76,943
Less: Actual ISB deployed to schools		205,825	205,825
Plus: Local authority contribution for 2025/26			-
In Year Carry-forward to 2026/27	(2,776)	7,714	4,938
Plus/Minus: Carry-forward to 2026/27 agreed in advance			-
Carry-forward to 2026/27			4,938
DSG unusable reserve at end of 2024/25			(2,743)
Addition to DSG unusable reserve at end of 2025/26			-
Total of DSG unusable reserve at end of 2025/26			(2,743)
Net DSG Surplus at end of 2025/26			**2,195**

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

	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)		(427)
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**

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) - now Ministry of Housing, Communities and Local Government (MHCLG). One of its key purposes is to manage the level of delayed transfers of care from acute settings to those in the community.

2024/25		2025/26
£'000		£'000
(20,270)	Lambeth Council	(20,521)
(35,168)	Integrated Care Board (ICB)	(35,653)
(55,438)	**Total funding provided to the pooled budget**	**(56,174)**
	Expenditure met from pooled budget	
37,381	Lambeth Council	38,606
18,057	Integrated Care Board (ICB)	17,568
55,438	**Total expenditure met from the pooled budget**	**56,174**
-	**Net surplus / deficit arising on the pooled budget during the year**	**-**

Note 16: Members Allowances

2024/25		2025/26
£'000		£'000
1,127	Members' Allowances	1,028
535	Special Responsibility Allowance	539
2	Staff Development & Training / Other	-
1,664		**1,567**

Note 17: Remuneration Details – Higher Earners

Remuneration band	Number of school employees		Number of other employees		Total number of employees	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
£50,000 - £54,999	163	182	313	392	476	574
£55,000 - £59,999	155	142	320	354	475	496
£60,000 - £64,999	162	170	148	171	310	341
£65,000 - £69,999	107	125	84	53	191	178
£70,000 - £74,999	68	82	72	83	140	165
£75,000 - £79,999	52	57	54	91	106	148
£80,000 - £84,999	31	32	25	28	56	60
£85,000 - £89,999	24	25	28	18	52	43
£90,000 - £94,999	13	17	10	19	23	36
£95,000 - £99,999	9	18	20	12	29	30
£100,000 - £104,999	4	5	11	21	15	26
£105,000 - £109,999	6	4	6	6	12	10
£110,000 - £114,999	6	7	6	12	12	19
£115,000 - £119,999	5	5	2	2	7	7
£120,000 - £124,999	4	5	3	3	7	8
£125,000 - £129,999	3	5	7	2	10	7
£130,000 - £134,999	1	3	1	3	2	6
£135,000 - £139,999	5	4	3	2	8	6
£140,000 - £144,999	-	1	2	5	2	6
£145,000 - £149,999	2	1	2	-	4	1
Over £150,000	-	-	-	1	-	1
Total for	**820**	**890**	**1,117**	**1,278**	**1,937**	**2,168**

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	2025/26	234,946	-	-	234,946	45,345	280,291
Chief Executive	2024/25	4,946			4,946	309	5,255
Zena Cooke (1)	2025/26	177,354	-	-	177,354	34,229	211,583
Corporate Director: Resources	2024/25	55,681	-	-	55,681	10,746	66,427
Andrew Carter	2025/26	186,986	-	-	186,986	36,303	223,289
Corporate Director of Children, Families and Education	2024/25	182,302	-	-	182,302	35,184	217,486
Director of Public Health (2)	2025/26	141,802	-	-	141,802	27,368	169,170
	2024/25	159,041			159,041	30,695	189,736
Director of Legal and Governance	2025/26	141,802	-	-	141,802	27,368	169,170
	2024/25	137,405			137,405	26,519	163,924
Director of Adult Social Care (3)	2025/26	111,657	-		111,657	27,220	138,877
Acting Director of Adult Social Care (4)	2025/26	8,631	-	-	8,631	870	9,501
Assistant Director of Governance	2025/26	101,934	-	-	101,934	19,673	121,607
Linda Adams (5)	2025/26	163,313	-	-	163,313	46,595	209,908
Executive Head Teacher	2024/25	155,312			155,312	44,543	199,855
Samantha Palin (6)	2025/26	181,454	-	-	181,454	52,041	233,495
Executive Head Teacher	2024/25	184,326	-	-	184,326	43,648	227,974
Andrea Parker (7)	2025/26	158,016	-	-	158,016	45,319	203,335
Executive Head Teacher							
Dominic Malins (8)	2025/26	151,030	-	-	151,030	43,195	194,225
Head Teacher		-	-	-	-		-
Head of Information Governance	2025/26	78,090	-	-	78,090	17,679	95,769
Corporate Director of Housing and Adult Social Care (9)	2025/26	124,657	-	148,949	273,606	24,059	297,665
	2024/25	192,762	-	-	192,762	37,204	229,966
Corporate Director of Communities, Governance and Change (10)	2025/26	5,441	-	62,998	68,439	1,050	69,489
	2024/25	139,399			139,399	27,640	167,039
Corporate Director of Residents and Enabling Services (11)	2025/26	93,493	-	73,642	167,135	18,044	185,179
	2024/25	181,383	-	-	181,383	35,007	216,390
Director Community Safety & Resilience (12)	2025/26	76,619	-	114,319	190,938	14,787	205,725
	2024/25	152,418	-	-	152,418	29,417	181,835
Corporate Director of Integrated Health and Care (13)	2025/26	85,646	-	-	85,646	12,315	97,961
	2024/25	83,859	-	-	83,859	12,058	95,917

Notes to the Accounts (General) (continued)

Note 18: Senior Officers' Remuneration (continued)

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
		£	£	£	£	£	£
Nabeel Khan (14)	2025/26	160,061	-		160,061	30,892	190,953
Corporate Director of Climate & Inclusive Growth	2024/25	168,062	-	-	168,062	32,501	200,563
Bayo Dosunmu - Chief Executive (15)	2024/25	61,203		46,944	108,147	10,521	118,668
Sandra Roebuck - Director of Infrastructure and Capital Delivery (16)	2024/25	152,594		67,687	220,281	28,146	248,426
Director, HR and Organisational Development (17)	2024/25	152,711		59,986	212,697	13,168	225,865
Director of Strategy, Communications and Change (18)	2024/25	111,802			111,802	23,573	135,375

1 Changed assignment with effect from 01/10/2025: Corporate Director of Finance to Corporate Director of Resources

2 From 22/04/2024 to 31/03/2025 was Acting Corporate Director of Integrated Health & Care, returning to the role of Director of Public Health from 01/04/25

3 Director of Adult Social Care left on 29/03/26

4 Acting Director of Adult Social Care since 09 March 2026; formerly Deputy Director of Social Care. Annualised salary for Acting Director of Social Care was £141,802. A further £147 paid in 2026/27 backdated for the period in 2025/26

5 Executive Head Teacher - Lansdowne School, Turney Primary & Secondary Special School

6 Executive Head Teacher - Crown Lane Primary School, Woodmansterne School

7 Executive Head Teacher - Bonneville Primary School, Jessop Primary School, Stockwell Primary School

8 Head Teacher - La Retraite Roman Catholic Girls School

9 Corporate Director of Housing and Adult Social Care left the Council on 30/11/2025. From 26/06/2024 to 31/03/2025 was Acting Chief Executive

10 Corporate Director of Communities, Governance and Change left on 11/04/2025

11 Corporate Director of Residents and Enabling Services left on 30/09/2025

12 Director of Community Safety and Resilience left on 15/10/2025

13 Corporate Director of Integrated Health and Care, employed by NHS South East London Integrated Care Board, with 50% of the salary cost recharged to Lambeth Council

14 Corporate Director Climate Change and Inclusive Growth left on 22/02/2026

15 Chief Executive left the Council on 15/07/2024

16 Director of Infrastructure and Capital Delivery left the Council 31/01/2025

17 Director, HR and Organisational Development left the Council 04/10/2024

18 Disclosure required for 2024/25 as the role was a direct report to the Chief Executive

In line with the Code the above figures do not include payments to the pension fund in respect of 'pension strain' costs. These are reflected in the Exit Payments note (note 19).

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	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
	No.	No.	No.	No.	No.	No.	£	£
£0 - £20,000	13	18	64	64	77	82	515,878	660,513
£20,001 - £40,000	6	7	19	22	25	29	675,276	849,732
£40,001 - £60,000	3	1	8	9	11	10	567,906	488,556
£60,001 - £80,000	3	-	4	7	7	7	486,692	484,677
£80,001 - £100,000	-	1	-	6	-	7	-	618,804
£100,001 - £150,000	1	1	4	-	5	1	587,217	116,571
£150,001 - £650,000	1	-	1	5	2	5	762,200	1,866,961
Total	**27**	**28**	**100**	**113**	**127**	**141**	**3,595,169**	**5,085,814**

This note includes employees who received exit packages payments in 2025/26, 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 list of Appointments to Outside Bodies plus the Register of Members' Declarations of Interest in respect of related party transactions from Members. In addition a specific declaration of Related Parties interest was also sought. Specific declarations were also 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 2026 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 notes 12 & 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 32b and 33b.

Members

Members of the Council have direct control over the Council's financial and operating policies. During 2025/26 £9.3m (£10.5m in 2024/25) was paid to organisations ('Outside Bodies') in which 25 members (28 members in 2024/25) were on the governing body. (Excluding NHS and WRWA.)

Payments made during 2024/25	Organisation (Outside Body)	Payments made during 2025/26
£'000		£'000
3	Black Cultural Archives	-
742	Brixton BID Ltd	707
430	Clapham Business Improvement District	386
25	Clapham Common Management Advisory Committee	5
96	Clapham Park Project	96
978	HFL Build Limited	-
402	inStreatham Ltd	327
14	Local Government Association	145
2,917	London Councils	2,546
8	London Youth Games Ltd	
1,097	South Bank Bid Ltd	1,359
1,835	South Bank Colleges	2,220
266	Station to Station Business Improvement District	296
41	SW9 Community Housing	44
1,136	Vauxhall One	1,174
2	WATMOS Community Homes	-
483	We are Waterloo Ltd	-
10,475	**Total**	**9,305**

Notes to the Accounts (General) (continued)

Note 20a: Related Parties (continued)

During 2025/26 £0.46m (£0.82m in 2024/25) was received from organisations ('Outside Bodies') in which 23 members (22 members in 2024/25) 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.

As at 31 March 2026, the Council had outstanding creditor balances of £0.28m and debtor balances of £0.50m in respect of organisations recorded within the Council's Outside Bodies register.

The Register of Members Interests was reviewed to identify any further related party interests. Also Members were requested to complete a related party questionnaire for 2025/26 to identify any related party relationships and transactions. A number of councillors serve as governors of maintained schools and as trustees of academy trusts operating within the Council's area. The Council has routine transactions with these bodies arising from its statutory education responsibilities and the provision of services. Transactions have been reviewed having regard to their materiality and as a result one item has been identified for separate disclosure.

During 2025/26, Councillor Saleha Jaffer served as Chair of High Trees Community Development Trust. The Council made payments totalling £0.55m to the Trust. The transactions were undertaken in the ordinary course of business and in accordance with the Council's normal governance and procurement arrangements.

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.

Other Public Bodies

In addition, the Council paid £15.61m (£15.23m in 2024/25) to Western Riverside Waste Authority in respect of waste disposal charges and £1.16m (£1.11m in 2024/25) 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 £1,139m with the Public Works Loan Board (PWLB) and other Local Authorities as at 31 March 2026 (£1,140.0m as at 31 March 2025). Interest payable on loans from the PWLB and other Local Authorities in 2025/26 was £47.5m (£42.2m in 2024/25). The Waste Authority and PWLB are under common control of central government.

At the year end, the amount owed by Fund to the Council is disclosed in note 32b. 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 £2.26m (£2.09m in 2024/25) for expenses incurred in administering the fund. In addition, Council also made strain payments and contributions on behalf of the Fund.

Notes to the Accounts (General) (continued)

Note 20a: Related Parties (continued)

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 2026. 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 was £8,000,000, reflected as a Long Term investment in the Council's financial statements. The company granted a sublease of these properties to HFL Homes. The carry value of this investment for the Council as at 31 March 2026 is £nil

The single entity financial statements include income receivable from HFL Group Limited and its subsidiaries of £0.84m (excludes loan interest) (£1.6m in 2024/25) and expenditure payable of £0.16m (£0.0m in 2024/25).

The GLA grants paid to HfL Homes in 2025-26 are £5.81m

As at 31 March 2026 the Council's balance sheet includes short term debtors relating to HFL Group Limited and its subsidiaries of £4.1m (£2.5m in 2024/25). As for 2024/25, the council's balance sheet does not hold any short term creditors relating to HFL.

In 2025/26 Lambeth issued £6.5m of loans to HFL Group Limited and its subsidiaries (£20.4m in 2024/25). Total interest charges for the year on all loans totalled to £1.2m (£4.8m 2024/25). The outstanding balance of loans and interest due at 31st March 2026 was £95.6m, after applying the impairment adjustment, the carrying value was £39.9m (£101.9m outstanding balance, after applying the impairment adjustment the carrying value was £49.0 as at 31st March 2025).

The directors in office for HFL Group Ltd, as at 31 March 2026 are as follows:

HFL Group Limited	HFL BUILD LIMITED	HFL HOMES LIMITED	HFL LIVING LIMITED
Richard Sorensen	John Bosley	Terence Fuller (independent, chair)	John Bosley
Cllr Tim Windle	Richard Sorensen	Judith Page (independent)	Richard Sorensen
		Richard Sorensen	
		Cllr Timothy Windle	

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 2025/26 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.

Since 2022/23 an annual assessment is carried out on capital loans due to the Council from HFL companies and an expected credit loss adjustment/impairment charge is made. This was reported within Financing and Investment Expenditure in the CIES. The loss is reversed through the Movement in Reserves Statement to the Capital Adjustment Account and therefore does not affect the General Fund balance, although sums have been set aside as minimum revenue provision to finance the losses. To date there has been £52.2m of ECL/Impairment charges for the capital loans. There is a £7.1m of ECL/Impairment charges to date as at 31 March 2026 for revenue interest debtors having a revenue impact. In 2025/26 there was an ECL/impairment charge of £3.8m for revenue debtors relating to 2024/25 (£3.3m in 2024/25) and an impairment charge for the capital loans of £0.3m (£33.1m impairment charge 2024/25).

	31/03/2025			
Loan capital and interest debtor	**Loans - Long Term £'000**	**Loans - Short Term £'000**	**Interest - Short Term £'000**	**31/05/25 Total £'000**
Gross debt	82,591	11,612	7,688	101,891
Impairment	(36,195)	(10,500)	(6,240)	(52,935)
Expected Credit Loss	(6,166)	-	-	(6,166)
Net carrying value	**40,230**	**1,112**	**1,448**	**42,790**

Revised Opening Balance 01 April 2025			
Loans - Long Term £'000	**Loans - Short Term £'000**	**Interest - Short Term £'000**	**31/05/25 Total £'000**
80,897	11,612	9,382	101,891
(35,293)	(10,500)	(7,142)	(52,935)
(6,166)	-	-	(6,166)
39,438	**1,112**	**2,240**	**42,790**

	31/03/2026			
Loan capital and interest debtor	**Loans - Long Term £'000**	**Loans - Short Term £'000**	**Interest - Short Term £'000**	**31/05/26 Total £'000**
Gross debt	64,178	21,335	10,050	95,563
Impairment	(28,393)	(20,100)	(7,142)	(55,635)
Expected Credit Loss	(3,721)	-	-	(3,721)
Net carrying value	**32,064**	**1,235**	**2,908**	**36,207**

Balances detailed within Note 31b, Note 32a and Note 32b

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

2025/26	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	(421)	-	-	-	-	421	Fin Instruments Adjust Account
• Pension costs	17,378	2,654	-	-	-	(20,032)	Pensions Reserve
• Council tax & business rates	(7,097)	-	-	-	-	7,097	Collection Fund Adjust Account
• Holiday pay	(3,007)	(56)	-	-	-	3,063	Accumulated Absences Account
Reversal of entries in the Surplus/Deficit on the Provision of Services in relation to capital expenditure:							
• Amortisation of intangible assets	(2,853)	-	-	-	-	2,853	Capital Adjustment Account
• Charges for depreciation	(45,324)	(29,900)	-	-	-	75,224	
• Charges for impairment	2,392	9,301	-	-	-	(11,693)	
• Revenue expenditure funded from capital under statute	(12,902)	-	-	-	-	12,902	
• Carrying amounts of non-current assets written off on disposal or sale		(7,627)	(60)	-	-	7,687	
Capitalisation Direction							
• Secretary of State Capitalisation Direction (SSDC)	(46,000)	(40,000)	-	-	-	86,000	
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	1,512	20,772	(22,284)	-	-	- -	
• Administrative costs of non-current asset disposals	(436)	(147)	583	-	-	-	
• Posting of HRA resources from revenue to the Major Repairs Reserve	-	29,900	-	(29,900)	-	-	
• Statutory revenue provisions for the financing of capital investment	30,538	3,775	-	-	-	(34,313)	Capital Adjustment Account
• Capital expenditure financed from revenue balances	250	-	-	-	-	(250)	
• Capital grant income	835	563	-	-	(1,398)	-	
Adjustments to Capital Resources:							
• Use of the Capital Receipts Reserve to finance capital expenditure	-	-	8,316	-	-	(8,316)	Capital Adjustment Account
• Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	29,900	-	(29,900)	
• Application of capital grants to finance capital expenditure	-	-	-	-	1,073	(1,073)	
• Application of CIES capital grants to finance capital expenditure	26,375	8,186	-	-	-	(34,561)	
• Cash payments in relation to deferred capital receipts	(1)	-	1,594	-	-	(1,593)	Deferred capital receipts reserve
• Capital Receipts from the repayments of loans	-	-	(13,646)	-	-	13,646	Capital Adjustment Account
• Use of Capital Receipts to Repay Debts	-	-	13,646	-	-	(13,646)	
Total Adjustments	**(38,761)**	**(2,579)**	**(11,851)**	**-**	**(325)**	**53,516**	

Notes to the Accounts (General) (continued)

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

Restated 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	5,287	1,746	-	-	-	(7,033)	Pensions Reserve
• Council tax & business rates	11,334	-	-	-	-	(11,334)	Collection Fund Adjust Account
• Holiday pay	(360)	(23)	-	-	-	383	Accumulated Absences 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	
• Charges for depreciation	(42,171)	(29,498)	-	-	-	71,669	
• Charges for impairment	(47,850)	(22,046)	-	-	-	69,896	Capital Adjustment Account
• Revenue expenditure funded from capital under statute	(18,162)	-	-	-	-	18,162	
• Carrying amounts of non-current assets written off on disposal or sale	(36,678)	(7,466)	-	-	-	44,144	
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)	-	-	-	
• 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	29,374	4,238			-	(33,612)	Capital Adjustment Account
• 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 movements	14,555					(14,555)	Redress capitalisation reserve
• Cash payments in relation to deferred capital receipts	(1)					1	Deferred capital receipts reserve
Total Adjustments	**(96,510)**	**(1,951)**	**(10,853)**	**6,800**	**(1,082)**	**103,596**	

Note 22: Unusable Reserves

Adjustments between Accounting and Funding Basis 2025/26

2025/26	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	(1,017,086)	(130,540)	-	-	-	11,826	(1,135,800)
Financial Instruments Adjustment Account	1,417	-	421	-	-	-	1,838
Pensions Reserve	123,817	(41,565)	(20,032)	-	-	-	62,220
Collection Fund Adjustment Account	1,718	-	7,097	-	-	-	8,815
Accumulated Absences Account	5,282	-	3,063	-	-	-	8,345
Capital Adjustment Account	(1,713,052)	-	172,973	(34,563)	(73,850)	(11,826)	(1,660,318)
Deferred Capital Receipts	(385)	-	-	-	(1,593)	-	(1,978)
Dedicated Schools Grant Adjustment Account	2,743	-	-	-	-	-	2,743
Total	**(2,595,546)**	**(172,105)**	**163,522**	**(34,563)**	**(75,443)**	**-**	**(2,714,135)**

Adjustments between Accounting and Funding Basis 2024/25

Restated 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)	-	-	-	27,596	(1,017,086)
Financial Instruments Adjustment Account	2,574	-	(1,157)	-	-	-	1,417
Pensions Reserve	139,390	(8,539)	(7,033)	-	-	-	123,818
Collection Fund Adjustment Account	13,052	-	(11,334)	-	-	-	1,718
Accumulated Absences Account	4,898	-	383	-	-	-	5,281
Capital Adjustment Account	(1,822,746)	-	258,238	(35,173)	(85,774)	(27,596)	(1,713,051)
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)**	**(13,077)**	**239,097**	**(35,173)**	**(100,328)**	**-**	**(2,595,545)**

Note 22a: Group Unusable Reserves

Adjustments between Accounting and Funding Basis 2025/26 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

2025/26	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 - Council	(1,017,086)	(130,540)				11,826	(1,135,800)
Financial Instruments Adjustment Account	1,417		421				1,838
Pensions Reserve	123,818	(41,565)	(20,032)				62,221
Collection Fund Adjustment Account	1,718		7,097				8,815
Accumulated Absences Account	5,281		3,063				8,344
Capital Adjustment Account	(1,773,009)		172,973	(34,563)	(73,850)	(12,083)	(1,720,532)
Deferred Capital Receipts	(385)				(1,593)		(1,978)
Dedicated Schools Grant Adjustment Account	2,743						2,743
Total	**(2,655,503)**	**(172,105)**	**163,522**	**(34,563)**	**(75,443)**	**(257)**	**(2,774,349)**

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

Restated 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 - Council	(1,040,144)	(4,538)				27,596	(1,017,086)
Financial Instruments Adjustment Account	2,574		(1,157)				1,417
Pensions Reserve	139,390	(8,539)	(7,033)				123,818
Collection Fund Adjustment Account	13,052		(11,334)				1,718
Accumulated Absences Account	4,898		383				5,281
Capital Adjustment Account	(1,845,446)		258,238	(35,173)	(85,776)	(64,852)	(1,773,009)
Deferred Capital Receipts	(386)				1		(385)
Dedicated Schools Grant Adjustment Account	2,743						2,743
Redress Capitalisation Directive Reserve	14,555				(14,555)		-
Total	**(2,708,764)**	**(13,077)**	**239,097**	**(35,173)**	**(100,330)**	**(37,256)**	**(2,655,503)**

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 22 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). Fair value movements associated with the Resonance investment are also posted to this account.

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.

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 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 was matched by this reserve. As payments were made these were debited against the provision and matched by drawdowns from the reserve by an equal sum to the capital adjustment account. The reserve balance was nil as at 31 March 2025.

Note 23a: Usable Reserves

2024/25 £'000		2025/26 £'000
(45,000)	**General Fund	(45,000)
(9,844)	LMS Balances	(6,530)
(62,647)	Earmarked Reserves – General Fund	(76,374)
(6,347)	Earmarked Reserves - HRA	(6,591)
-	Housing Revenue Account - unallocated	(7,517)
(50,967)	Capital Receipts Reserve	(62,819)
(50,356)	Capital Grants Unapplied Account	(50,680)
(225,161)	**Total Usable Reserves**	**(255,511)**

** 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

2024/25 £'000		2025/26 £'000
(16,462)	**Balance at 01 April**	**(9,844)**
9,555	Overspent School Balances	7,598
(2,937)	Underspent School Balances	(4,284)
(9,844)	**Balance at 31 March**	**(6,530)**

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 2025/26.

	Balance at 31-March-2025	Transfers in	Transfers out	Balance at 31-March-2026
	£'000	£'000	£'000	£'000
General Fund (GF) Reserves				
Capital	(27,125)	(3,730)	10,011	(20,844)
Technical	(10,918)	(407)	3,041	(8,284)
Departmental	(20,719)	(25,933)	13,468	(33,184)
Corporate	(3,884)	(1,199)	3,752	(1,331)
Financial Risk	(1)	(12,730)		(12,731)
GF Balances / Unallocated reserves	(45,000)	-		(45,000)
GF Sub-total	**(107,647)**	**(43,999)**	**30,272**	**(121,374)**
Housing Revenue Account (HRA) Reserves				
HRA	(6,347)	(244)		(6,591)
HRA Unallocated Reserve	-	(7,517)		(7,517)
HRA Sub-total	**(6,347)**	**(7,761)**	**-**	**(14,108)**
Council Total	**(113,994)**	**(51,760)**	**30,272**	**(135,482)**

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-2026	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	**-**	**-**	**31,063**	**166,464**	**15,614**	**-**	**50,621**	**263,762**	**33,796**
Valued at current value as at:									
31-Mar-20	-	181	-	-	-	-	-	181	-
31-Mar-21	-	816	-	-	-	-	-	816	-
31-Mar-22	-	3,373	-	-	-	5,309	-	8,682	-
31-Mar-23	-	806,072	-	-	-	2,035	-	808,107	-
31-Mar-24	-	147,611	-	-		1	-	147,612	-
31-Mar-25	-	197,969	-	-	-	-	-	197,969	43,880
31-Mar-26	2,514,644	161,734	-	10	116	33,460	-	2,709,964	-
Total cost or valuation	**2,514,644**	**1,317,756**	**31,063**	**166,474**	**15,730**	**40,805**	**50,621**	**4,137,093**	**77,676**

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

31-March-2026	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	**-**	**-**	**31,063**	**166,464**	**15,614**	**-**	**62,682**	**275,823**	**33,796**
Valued at current value as at:	-	-	-	-	-	-	-	-	-
31-Mar-20	-	180	-	-	-	-	-	180	-
31-Mar-21	-	816	-	-	-	-	-	816	-
31-Mar-22	-	3,373	-	-	-	5,309	-	8,682	-
31-Mar-23	-	806,072	-	-	-	2,035	-	808,107	-
31-Mar-24	-	147,611	-	-		1	-	147,612	-
31-Mar-25	-	197,969	-	-	-	-	-	197,969	43,880
31-Mar-26	2,514,644	197,311	-	9	116	33,460	-	2,745,540	-
Total cost or valuation	**2,514,644**	**1,353,332**	**31,063**	**166,473**	**15,730**	**40,805**	**62,682**	**4,184,729**	**77,676**

Note 25b: Single Entity Property, Plant and Equipment

Balances as at 31-March-2026	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	2,514,644	1,342,088	145,732	15,745	41,177	50,621	4,110,007
Accumulated Depreciation	-	(24,332)	(114,669)	(15)	(372)	-	(139,388)
Carrying Amount	**2,514,644**	**1,317,756**	**31,063**	**15,730**	**40,805**	**50,621**	**3,970,619**
Owned	2,475,529	1,259,155	31,063	13,612	40,805	50,621	3,870,785
PFI	39,115	58,601	-	2,118	-	-	99,834
Carrying Amount	**2,514,644**	**1,317,756**	**31,063**	**15,730**	**40,805**	**50,621**	**3,970,619**

Balances as at 31-March-2026	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 2025	**2,385,363**	**1,314,844**	**36,687**	**168,446**	**15,111**	**26,414**	**69,238**	**4,016,103**
Reclassifications	1,862	(11,192)	(506)	-	-	22,823	(14,621)	(1,634)
Additions	36,610	14,387	5,827	10,729	619	71	7,192	75,435
Revaluation gains/(losses) recognised in the revaluation reserve	113,787	23,628	-	-	-	(4,698)	-	132,717 -
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	12,866	(5,898)	-	-	-	(3,567)	-	3,401 -
Depreciation	(27,845)	(15,455)	(10,945)	(12,701)	-	(110)	-	(67,056)
Impairments recognised in the revaluation reserve	-	(2,057)				(122)		(2,179)
Impairments recognised in the surplus / deficit on the provision of services	-	(9)	-	-	-	(6)	(50)	(65) -
Disposals and Decommissioning	(7,999)	312	-	-	-	-	-	(7,687)
Assets reclassified (to) / from Held for Sale	-	(804)	-	-	-	-	(11,138)	(11,942)
At 31 March 2026	**2,514,644**	**1,317,756**	**31,063**	**166,474**	**15,730**	**40,805**	**50,621**	**4,137,093**

Notes to the Accounts (General) (continued)

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

Restated 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	1,329,498	141,558	15,126	26,695	69,238	3,967,477
Accumulated Depreciation	-	(14,654)	(104,871)	(15)	(281)	-	(119,821)
Carrying Amount	**2,385,362**	**1,314,844**	**36,687**	**15,111**	**26,414**	**69,238**	**3,847,656**
Owned	2,343,706	1,256,222	36,687	13,109	26,414	69,238	3,745,376
PFI	41,656	58,622	-	2,002	-	-	102,280
Carrying Amount	**2,385,362**	**1,314,844**	**36,687**	**15,111**	**26,414**	**69,238**	**3,847,656**

Restated 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**
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	-	221	(18,166)	(4,716)	-
Additions	59,019	36,472	8,955	19,421	2,788	665	5,657	132,977
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)	-	-	-	(753)	-	(33,190) -
Depreciation	(27,787)	(15,414)	(9,868)	(11,711)	-	(662)	-	(65,442)
Impairments recognised in the revaluation reserve	-	(473)				(21,140)		(21,613)
Impairments recognised in the surplus / deficit on the provision of services	-	(76)	-	-	-	-	-	(76)
Disposals and Decommissioning	(7,415)	(36,729)	-	-	-	-	-	(44,144)
Assets reclassified (to) / from Held for Sale	-	167	-	-	-	-	-	167
At 31 March 2025	**2,385,362**	**1,314,844**	**36,687**	**168,446**	**15,111**	**26,414**	**69,238**	**4,016,102**

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)

Restated 31-March-2025 £'000	Reconciliation of infrastructure assets to PPE	31-March-2026 £'000
	Infrastructure assets	
157,110	*Owned*	155,217
11,336	*PFI*	11,257
	Other PPE Assets	
3,745,376	*Owned*	3,870,786
102,280	*PFI*	99,833
4,016,102		**4,137,093**

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

Restated 31-March-2025 £'000		31-March-2026 £'000
	At 01 April	78,036
	IFRS 16 Adjustments:	
45,658	Reclassifications	
29,486	Creation of right-of-use assets on transition to IFRS 16	
75,144	**01 April - amended**	**78,036**
717	Revaluation gains/(losses) recognised in the revaluation reserve	-
(3,404)	Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	-
(6,229)	Depreciation	(8,167)
11,808	Additions	7,807
78,036	**At 31 March**	**77,676**

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-2026	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	2,514,644	1,377,665	145,732	15,745	41,177	62,682	4,157,645
Accumulated Depreciation	-	(24,332)	(114,669)	(15)	(372)	-	(139,388)
Carrying Amount	**2,514,644**	**1,353,333**	**31,063**	**15,730**	**40,805**	**62,682**	**4,018,257**
Owned	2,475,529	1,294,732	31,063	13,612	40,805	62,682	3,918,423
PFI	39,115	58,601	-	2,118	-	-	99,834
Carrying Amount	**2,514,644**	**1,353,333**	**31,063**	**15,730**	**40,805**	**62,682**	**4,018,257**

Balances as at 31-March-2026	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 2025	**2,385,363**	**1,382,486**	**36,687**	**168,446**	**15,111**	**26,414**	**91,797**	**4,106,304**
Reclassifications	311	(36,990)					273	(36,406)
Opening Balance Adjustments	**2,385,674**	**1,345,496**	**36,687**	**168,446**	**15,111**	**26,414**	**92,070**	**4,069,898**
At 1 April 2025	**2,385,674**	**1,345,496**	**36,687**	**168,446**	**15,111**	**26,414**	**92,070**	**4,069,898**
Reclassifications	1,550	(270)	(506)	-	-	22,823	(25,231)	(1,634)
Additions	36,610	14,387	5,827	10,729	619	71	7,304	75,547
Revaluation gains/(losses) recognised in the revaluation reserve	113,788	23,797	-	-		(4,698)	-	132,887
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	12,866	(12,064)		-	-	(3,567)	-	(2,765) -
Depreciation	(27,845)	(15,838)	(10,945)	(12,701)	-	(110)	-	(67,439)
Impairments recognised in the revaluation reserve	-	(1,990)		-		(122)	-	(2,112)
Impairments recognised in the surplus / deficit on the provision of services	-	307	-	-	-	(6)	(50)	251
Disposals and Decommissioning	(7,999)	312	-	-		-	(273)	(7,960)
Assets reclassified (to) / from Held for Sale		(804)	-	-		-	(11,138)	(11,942)
At 31 March 2026	**2,514,644**	**1,353,333**	**31,063**	**166,474**	**15,730**	**40,805**	**62,682**	**4,184,731**

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

Restated 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	1,360,774	141,558	15,126	26,695	92,070	4,021,585
Accumulated Depreciation	-	(14,966)	(104,871)	(15)	(281)	-	(120,133)
Carrying Amount	**2,385,362**	**1,345,808**	**36,687**	**15,111**	**26,414**	**92,070**	**3,901,452**
Owned	2,343,706	1,287,186	36,687	13,109	26,414	92,070	3,799,172
PFI	41,656	58,622	-	2,002	-	-	102,280
Carrying Amount	**2,385,362**	**1,345,808**	**36,687**	**15,111**	**26,414**	**92,070**	**3,901,452**

Restated 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**	**1,369,358**	**37,565**	**160,736**	**12,102**	**69,160**	**90,857**	**4,117,949**
Reclassifications		(45,658)						(45,658)
Opening Balance Adjustments	**2,378,171**	**1,323,700**	**37,565**	**160,736**	**12,102**	**69,160**	**90,857**	**4,072,291**
At 1 April 2024	**2,378,171**	**1,323,700**	**37,565**	**160,736**	**12,102**	**69,160**	**90,857**	**4,072,291**
Reclassifications	4,979	26,841	71	-	220	(18,165)	(4,727)	9,219
Additions	59,019	36,472	8,999	19,420	2,789	664	5,940	133,303
Revaluation gains/(losses) recognised in the revaluation reserve	9,235	19,118	-	-		(2,690)	-	25,663
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	(30,840)	(7,798)		-	-	(752)	-	(39,390) -
Depreciation	(27,787)	(15,757)	(9,948)	(11,710)	-	(662)	-	(65,864)
Impairments recognised in the revaluation reserve	-	(408)		-		(21,141)	-	(21,549)
Impairments recognised in the surplus / deficit on the provision of services	-	202	-	-	-	-	-	202
Disposals and Decommissioning	(7,415)	(36,729)	-	-		-	-	(44,144)
Assets reclassified (to) / from Held for Sale		167	-	-		-	-	167
At 31 March 2025	**2,385,362**	**1,345,808**	**36,687**	**168,446**	**15,111**	**26,414**	**92,070**	**4,069,898**

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

Restated 2024/25		2025/26
£'000	**Reconciliation of infrastructure assets to PPE**	**£'000**
	Infrastructure assets	
157,110	*Owned*	155,217
11,336	*PFI*	11,257
	Other PPE Assets	
3,799,172	Owned	3,918,423
102,280	PFI	99,834
4,069,898		**4,184,731**

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-2025		31-March-2026
£'000		£'000
6,889	**Balance at start of year:**	**5,124**
25,954	Gross carrying amounts	28,557
(19,065)	Accumulated amortisation	(23,433)
6,889	**Net carrying amount at start of year**	**5,124**
	Additions:	
2,602	Purchases	1,538
(4,367)	Amortisation for the period	(2,853)
-	Reclassifications	2,781
-	Amortisation of Reclassifications	(1,147)
5,124	**Net carrying amount at end of year**	**5,443**
	Comprising:	
28,557	Gross carrying amounts	32,875
(23,433)	Accumulated amortisation	**(27,432)**
5,124	**Balance at end of year**	**5,443**

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-2025		31-March-2026
£'000		£'000
2,267	**Balance at start of year**	**1,925**
-	Assets sold	-
-	Assets Reclassified as Assets Under Construction	-
(175)	Revaluations	4,782
-	Assets newly classified as held for sale:	-
(167)	Property, Plant and Equipment	11,942
1,925	**Balance at year-end**	**18,649**

Note 29: Capital Commitments

Restated 31-March-2025		31-March-2026
£'000		**£'000**
623	Housing	736
13,760	Growth and Environment	11,042
168	Resources	257
89	Children, Families and Education	96
20,847	Housing Services (HRA)	42,296
35,487	**Total**	**54,427**

2024/25 comparators restated to align with the current reporting directorate structure

The figures in the note above are based on outstanding purchase order amounts, except for the Housing Services (HRA) figure, which is based on the Capital Contract Tracker for the HRA.

Note 30: Capital Expenditure and Capital Financing

Restated 31-March-2025 £'000		31-March-2026 £'000
1,284,202	Opening Capital Financing Requirement	1,449,886
(359)	Adjustment to Opening Balance	(1,920)
29,486	Adjustments for the inclusion of Right-of-Use Assets	-
30,000	Adjustment to recognise Resonance Investment	
	Capital Investment:	
132,976	Property, Plant and Equipment	75,435
11,808	Right of Use Assets	7,808
85	Heritage Assets	40
2,602	Intangible Assets	1,538
18,162	Revenue Expenditure Funded from Capital under Statute	12,902
25,181	Long Term Capital Debtors	6,505
50,000	Secretary of State Capitalisation Direction	86,000
	Sources of Finance:	
(13,625)	Repayment of loan	(13,625)
-	HfL revenue interest - reverse posting to capital adjustment account	(3,831)
(5,978)	Right To Buy Capital Receipts (141)	(4,987)
(5,431)	Capital Receipts	(3,329)
(34,246)	Government grants and other contributions	(29,016)
(36,297)	Major Repairs Reserve	(29,900)
(2,105)	Section 20	-
(1,402)	S106 contributions	(4,850)
(1,051)	Community Infrastructure Levy	(1,768)
(510)	Direct revenue contributions	(250)
(33,612)	MRP / loans principal	(34,313)
1,449,886	**Closing Capital Financing Requirement**	**1,512,325**
	Explanation of movements in year:	
165,684	Increase / (decrease) in underlying need to borrow	62,439
165,684	**Increase / (decrease) in Capital Financing Requirement**	**62,439**

Note 31a: Financial Instruments

Restated 2024/25				2025/26		
Non-Current	Current	Total		Non-Current	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
-	(17,766)	(17,766)	Rents owed by Council charge creditors	-	(13,351)	(13,351)
-	(5,185)	(5,185)	Right To Buy service charge including S20 major works	-	-	-
-	(91,549)	(91,549)	Other payables	-	(96,202)	(96,202)
-	(177,533)	(177,533)	Short-term Borrowing	-	(194,499)	(194,499)
-	(12,484)	(12,484)	Short-term Creditors - PFI/Leases	-	(15,069)	(15,069)
(962,696)	-	(962,696)	Long-term Borrowing – Public Works Loan Board	(944,296)	-	(944,296)
(96,595)	-	(96,595)	Long-term Creditors - PFI/Leases	(89,450)	-	(89,450)
(1,059,291)	**(304,517)**	**(1,363,808)**	**Total Financial Liabilities at Amortised Cost**	**(1,033,746)**	**(319,121)**	**(1,352,867)**
-	20,398	20,398	Rents owing to Council	-	18,895	18,895
-	23,231	23,231	Right To Buy debtors including S20 major works	-	13,848	13,848
-	107,488	107,488	Other receivables	-	83,307	83,307
45,027	-	45,027	Long-term Debtors	36,715	-	36,715
28,702	-	28,702	Long-term Investments - Fair Value Profit & Loss (FVPL)	28,270	-	28,270
73,729	**151,117**	**224,846**	**Total Financial Assets at Amortised Cost unless otherwise stated above**	**64,985**	**116,050**	**181,035**

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

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

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 2024	**(22,737)**	**(17,182)**	**(8,706)**	**(996)**	**(22,128)**	**(71,749)**
Reclassification adjustment - impaired assets	52,935					
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	**(6,166)**	**(17,919)**	**(8,827)**	**(996)**	**(35,647)**	**(122,490)**
Reclassification adjustment - impaired assets	2,701					
Write-offs	-	3,692	7,227	-	26,722	37,641
Set up/Release	(256)	(7,238)	(16,293)	(5,143)	(22,351)	(51,281)
Balance as at 31 March 2026	**(3,721)**	**(21,465)**	**(17,893)**	**(6,139)**	**(31,276)**	**(80,494)**

The table above excludes the expected credit loss provision for Housing Benefits overpayment as the Council does not classify this debtor balance as a financial instrument.

Note 31c: Income, Expense, Gains and Losses

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

Restated 31-March-2025		31-March-2026
£'000		£'000
(3,381)	Interest Receivable	(4,904)
53,095	Interest Payable	53,000
67,091	Impairment Loss on financial assets	54,486
116,805	**Total**	**102,582**

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

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

Restated 31-March-2025		31-March-2026
£'000		£'000
-	Interest Receivable	(3,676)
54,812	Interest Payable	53,000
30,729	Impairment Loss on financial assets	54,226
85,541	**Total**	**103,550**

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 MUFG Corporate Markets. 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 (£962m as at 31 March 2026)

Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.

31-March-2025			31-March-2026	
Carrying amount	Fair value		Carrying amount	Fair value
£'000	£'000		£'000	£'000
28,702	28,702	Financial assets – Resonance Fund investment	28,270	28,270
(962,696)	(888,273)	Financial liabilities – PWLB Debt	(1,112,696)	(878,225)

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-2025	Unrealised gain	Market Value 31-March-2026
	£'000	£'000	£'000
Long Term Investment	28,702	(432)	28,270

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 and loss'. The £432k loss resulting from this valuation (valuation dated 31 March 2026) is recognised in Financing & Investment income / expenditure for 2025/26 in the CIES (£1,136k gain in 2024/25). 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.

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 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 2026) arising from a commitment to pay interest to lenders lower than current market rates.

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.
- No more than £25 million is held with any one bank, regardless of standing or duration, except for the Council's main bank (NatWest) and the government DMADF facility. A range of counterparties are used to diversify and spread risk.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits but there was no evidence at 31 March 2026 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. At 31 March 2026, the Council's investment balance of £32.7m was held in Money Market Funds, which are classified as cash equivalents. As cash equivalents are outside the scope of the ECL requirements, no ECL has been recognised.

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 alongside the London boroughs of Croydon and Westminster as well as the GLA and the Guy's and St Thomas' Charity. The property fund had a 9-year life and is currently in an extension period expected to mature in July 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 Council's investment has a Net Asset Value (NAV) of £28.3m, it 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.

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 2025-26, a 1% change in interest rates would change the interest receivable by £0.708m.

Note 31f: Analysis by Maturity

31-March-2025	Long Term & Short Term borrowings (Principal)	31-March-2026
£'000		£'000
380,027	Maturing in 1 to 10 years	403,625
40,846	Maturing in 10 to 20 years	22,437
87,951	Maturing in 20 to 30 years	99,025
180,094	Maturing in 30 to 40 years	162,610
440,000	Maturing in more than 40 years	440,000
1,128,918	**Total**	**1,127,697**

Note 32a: Long-Term Debtors

Restated 31-March-2025				31-March-2026		
Gross	*Impairment Allowance / ECL*	*Net*		*Gross*	*Impairment Allowance / ECL*	*Net*
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
46,396	*(6,166)*	40,230	HFL Companies	*35,785*	*(3,721)*	32,064
1,684	-	1,684	Other HFL balances	*1,594*	-	1,594
1,750	-	1,750	Old Vic Theatre	*1,750*	-	1,750
608	-	608	Other Long Term Debtors	*680*	-	680
755	-	755	Sustainable Workspaces	*627*	-	627
51,193	***(6,166)***	**45,027**	**Total**	**40,436**	***(3,721)***	**36,715**
Group				**Group**		
1,750	-	1,750	Old Vic Theatre	*1,750*	-	1,750
608	-	608	Other Long Term Debtors	*680*	-	680
755	-	755	Sustainable Workspaces	*627*	-	627
3,113	**-**	**3,113**	**Total**	**3,057**	**-**	**3,057**

The Council identified that debtor balances reported in previous years were incorrectly presented between gross receivables and the Expected Credit Loss (ECL) allowance. Following a reassessment of the balances, it was determined that a significant proportion should have been recognised as impaired at the reporting date.

Accordingly, the comparative figures have been restated to reduce both the gross carrying amount of debtors and the associated ECL allowance. This adjustment has no impact on the net asset position, the Comprehensive Income and Expenditure Statement, the General Fund balance or usable reserves. The change affects only the presentation of debtor balances disclosed in this note, Note 32b and Note 31b, with additional information provided in Note 20b.

Note 32b: Short-Term Debtors

31-March-2025				31-March-2026		
Council				Council		
Gross	*Impairment Allowance / ECL*	*Net*		*Gross*	*Impairment Allowance / ECL*	*Net*
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
-		-	BRS Crossrail	*845*	-	845
6,114	*(2,663)*	3,451	Court Costs	*6,939*	*(3,150)*	3,789
6,574		6,574	Council Tax (GLA)	*8,064*	-	8,064
46,686	*(22,685)*	24,001	Council Tax	*56,318*	*(23,928)*	32,390
19,102		19,102	Government Grants	*6,264*	-	6,264
29,315	*(16,324)*	12,991	Housing Benefit Overpayment	*25,610*	*(17,170)*	8,440
2,560	-	2,560	Loans - HFL	*4,143*	-	4,143
7,013	*(3,687)*	3,326	NDR *	*8,755*	*(3,480)*	5,275
		-	NDR (GLA) *	*4,615*		4,615
1,844		1,844	NDR Government *	*3,480*		3,480
53,950	*(35,648)*	18,302	Parking	*50,668*	*(31,277)*	19,391
3,728		3,728	Payments in Advance	*6,781*		6,781
240		240	Pension Fund	*10,811*		10,811
37,334	*(17,913)*	19,421	Rents	*40,361*	*(21,466)*	18,895
18,983	*(996)*	17,987	RTB Service Charges	*9,656*	*(6,139)*	3,517
5,018		5,018	Section 20	*10,331*	-	10,331
89,413	*(8,826)*	80,587	Sundry	*64,242*	*(17,893)*	46,349
20,811		20,811	VAT	*18,350*		18,350
2,685		2,685	Other	*7,160*		7,160
351,370	***(108,742)***	**242,628**	**Total**	***343,393***	***(124,503)***	**218,890**

* 2024/25 comparators have been restated to reflect the separate disclosure requirements applied in 2025/26, with £6.574m reclassified from NDR to Council Tax (GLA) and £1.844m to NDR Government.

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

Restated 31-March-2025				31-March-2026		
Group				Group		
Gross	Impairment Allowance / ECL	Net		Gross	Impairment Allowance / ECL	Net
£'000	£'000	£'000		£'000	£'000	£'000
-		-	BRS Crossrail	845	-	845
6,114	(2,663)	3,451	Court Costs	6,939	(3,150)	3,789
6,574		6,574	CTAX (GLA)	8,064	-	8,064
46,686	(22,685)	24,001	CTAX	56,318	(23,928)	32,390
19,102		19,102	Government Grants	6,264	-	6,264
29,315	(16,324)	12,991	Housing Benefit Overpayment	25,610	(17,170)	8,440
7,013	(3,687)	3,326	NNDR	8,755	(3,480)	5,275
		-	NNDR (GLA)	4,615		4,615
1,844		1,844	NNDR Government	3,480		3,480
53,950	(35,648)	18,302	Parking	50,668	(31,277)	19,391
3,728		3,728	Payments in Advance	6,781		6,781
240		240	Pension Fund	10,811		10,811
37,334	(17,913)	19,421	Rents	41,575	(21,466)	20,109
18,983	(996)	17,987	RTB Service Charges	9,656	(6,139)	3,517
5,018		5,018	Section 20	10,331	-	10,331
89,413	(8,826)	80,587	Sundry	63,777	(17,628)	45,308
20,811		20,811	VAT	18,350		18,350
3,283	(128)	3,155	Other	7,160		7,160
349,408	**(108,870)**	**240,538**	**Total**	**339,999**	**(124,238)**	**214,920**

Note 33a: Long -Term Creditors

Restated 31-March-2025		31-March-2026
£'000		£'000
(67,358)	PFI/PPP - Long Term Creditors	(61,399)
(29,237)	Lease	(26,822)
-	Other	(1,229)
(96,595)	**Total**	**(89,450)**

The opening balances have been adjusted for changes in recognition of Temporary Accommodation (TA) and Vehicles, Plant & Equipment (VPE) assets as Right of Use assets that were not recognised in 2024-25. Details are in Note 49a Prior Year Adjustment.

Note 33b: Short-Term Creditors

Restated 31-March-2025			31-March-2026	
Council	Group		Council	Group
£'000	£'000		£'000	£'000
(68)	(68)	BRS Crossrail	-	-
(8,393)	(8,393)	Council Tax	(12,668)	(12,668)
-	-	Government Grants	(7,787)	(7,787)
(5,185)	(5,185)	Leasehold Service Charge, Accounts in Credit	-	-
(5,108)	(5,108)	NDR Creditors	(4,646)	(4,646)
(7,149)	(7,149)	PAYE/NI	(7,797)	(7,797)
(8,810)	(8,810)	Receipts in Advance	(9,349)	(9,349)
(17,766)	(17,766)	Rents	(13,351)	(13,351)
(78,809)	(73,475)	Sundry	(83,099)	(85,213)
(989)	(989)	Trust Fund	(660)	(660)
(16,821)	(16,821)	Other	(20,385)	(20,385)
(149,098)	**(143,764)**	**Total**	**(159,742)**	**(161,856)**

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-2025 £'000		31-March-2026 £'000
191	Additional Grant for Schools	-
(884)	Adult and Community Learning	(609)
-	Asylum Support	(910)
(221)	Community Discharge Grant	-
(12)	COVID-19 Additional Relief Fund (CARF)	-
(312)	Covid Catchup Premium - Schools	-
(10)	Childcare Reform	-
(585)	Dedicated Schools Grant	(1,118)
(1,629)	DfE - Working Together And National Framework	-
(502)	Early Years Supplementary Grant	-
(3,410)	Homes for Ukraine	(2,968)
-	Housing Benefit	-
(3,412)	Local Digital Fund	(2,358)
(44)	National Leisure Recovery Fund	-
-	Residential Personal Emergency Evacuation Plans	(524)
(549)	Rough Sleeping Grant	-
(3,953)	Supporting the implementation of working together and national framework	(1,629)
-	TFL Grant	(520)
7	UKSPF – Communities & Places	-
(617)	Virtual School Head	-
(551)	Wraparound Childcare	-
(4,026)	Government Grants (under £500k)	(6,572)
(20,519)	**Government Grants Subtotal**	**(17,208)**
(411)	Non-Government Grants	(597)
(20,930)	**Total Revenue Grant Receipts in Advance**	**(17,805)**

Note 35: Debtors for Local Taxation

31-March-2025					31-March-2026			
Lambeth	GLA	Central Government	Total		Lambeth	GLA	Central Government	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				Under 1 year				
9,164	2,990	-	12,154	Council Tax	10,197	3,388	-	13,585
1,393	1,717	1,532	4,642	Non-domestic rates	2,094	2,583	2,304	6,981
				Over 1 year				
18,843	6,148	-	24,991	Council Tax	22,612	7,512	-	30,124
1,751	2,159	1,926	5,836	Non-domestic rates	3,408	4,204	3,749	11,361
31,151	**13,014**	**3,458**	**47,623**	**Closing balance**	**38,311**	**17,687**	**6,053**	**62,051**

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-2025		31-March-2026
£'000		£'000
(25,811)	Developers' contribution	(5,454)
(8,454)	Standard Fund	(3,829)
(9,155)	Greater London Authority	(6,420)
(5,455)	Ministry of Housing, Communities & Local Government	(3,158)
(4,807)	Other Grant	(3,869)
(53,682)	**CURRENT LIABILITIES**	**(22,730)**
(36,926)	Developers' contribution	(53,696)
(236)	Standard Fund	(5,197)
(448)	Greater London Authority	(144)
-	Ministry of Housing, Communities & Local Government	(3,628)
(1,185)	Other Grant	(80)
(38,795)	**NON-CURRENT LIABILITIES**	**(62,745)**
(92,477)	**Total Capital Grants Receipts in Advance**	**(85,475)**

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. During the preparation of the 2024/25 Statement of Accounts, the Council did not identify all lease arrangements falling within the scope of IFRS 16. As a result additional right-of-use assets and lease liabilities have been recognised through a prior period adjustment as detailed in Note 49. Consequently, the IFRS 16 transition disclosures are presented again below to reflect the revised transition position, Note 37c.

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 £29.5m on the Balance Sheet. Finance lease assets of £45.7m that were recognised under the previous standard are now recognised as right of use assets on transition and a further £29.5m as detailed under Note 25c.

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

- lease liabilities are measured at the net present value of the remaining lease payments at 1 April 2024 or the Lease start date where this is after 1 April 2024, discounted by the Councils' incremental borrowing rate at that date, dependent on the total lease term remaining.
- 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	Restated 31-March-2025	31-March-2026
	£'000	£'000
Not later than one year	8,183	10,454
Later than one year and not later than five years	22,730	25,036
Later than five years	4,205	5,485
Total	**35,118**	**40,975**

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

Lease liabilities (net present value of minimum lease payments):	Restated 31-March-2025	31-March-2026
	£'000	£'000
Not later than one year	7,375	8,667
Later than one year and not later than five years	24,486	22,124
Later than five years	3,676	4,699
Total	**35,537**	**35,490**

Transactions under Leases

Comprehensive Income and expenditure statement	Restated 31-March-2025	31-March-2026
	£'000	£'000
Interest on lease liabilities	2,215	2,280
Expense related to exempt Lease arrangements	-	-
Total	**2,215**	**2,280**

Cashflow Statement		
Total Cash Outflows	7,972	9,980
Total	**7,972**	**9,980**

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 experienced the following changes in the carrying amount of its net investment in the finance leases during the year:

31-March-2025	Net Investment in Finance leases	31-March-2026
£'000		£'000
412	**Net Investment at 01 April**	**411**
(1)	Payment by lessees	(1)
411	**Total**	**410**

The lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts):

31-March-2025	Maturity analysis of lease receivable	31-March-2026
£'000		£'000
30	Less than one year	30
30	One to two years	30
30	Two to three years	30
30	Three to four years	30
30	Four to five years	30
1,727	More than 5 years	1,697
1,877	**Total undiscounted receivables**	**1,847**

The total undiscounted receivables for finance leases reconcile to the net investment in leases as follows:

31-March-2025	Total undiscounted leases receivables reconciled to Net Investment in Leases	31-March-2026
£'000		£'000
1,877	**Total undiscounted lease receivables**	**1,847**
(1,572)	Unearned finance income	(1,543)
106	Discounted amount of unguaranteed residual values	106
411	**Net Investment in Leases**	**410**

Finance income on the net investment was £0.028m in 2025/26 (£0.028m in 2024/25). There were no contingent rent relating to these lease arrangements in the year.

Note 37b: IFRS 16 Leases – Council as Lessor (continued)

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

31-March-2025		31-March-2026
£'000		£'000
6,998	Not later than one year	7,724
6,263	One to Two Years	6,719
5,189	Two to Three Years	5,990
4,497	Three to Four Years	5,357
3,998	Four to Five Years	4,678
27,696	Later than five years	80,608
54,641	**Total**	**111,076**

Lease rental income for 2025/26 was £7.952m (£7.372m in 2024/25).

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	PPE	Right of Use	Non Current Liability	Current Liability
	£'000	£'000	£'000	£'000
Assets/Liabilities newly recognised on transition	-	29,486	(24,223)	(5,263)
Assets/Liabilities reclassified on transition	(45,658)	45,658	-	-
Balance as at 01 April 2024	(45,658)	75,144	(24,223)	(5,263)

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

The Council has recognised four contracts on its Balance Sheet:

Norwood Hall is a PFI that started in June 2014 and £8.8m of new asset were recognised accordingly. £2.55m of payments were made in 2025/26. 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 2025/26 totalling £3.94m. Currently payments vary only with changes in the Retail Price Index (RPIX) and no other factor.

Lambeth Lighting Services Ltd provides replacements, upgrades and new installations of street lighting throughout the borough. Payments in 2025/26 amounted to £2.53m 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 is being transformed by 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 2025/26 were £12.18m.

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-2025	41,116	17,506	11,336	43,658	113,616
Additions	575	231	375	116	1,297
Revaluations	-	-	-	(1,938)	(1,938)
Depreciation	(532)	(296)	(454)	(486)	(1,768)
Disposals	-	-	-	(117)	(117)
31-March-2026	**41,159**	**17,441**	**11,257**	**41,233**	**111,090**

	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**

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-2025	(3,876)	(8,571)	(3,297)	(57,678)	(73,422)
Liability Adjustment	(146)	(216)	(10)	(117)	(489)
Payments in year	1,228	516	592	3,775	6,111
31-March-2026	**(2,794)**	**(8,271)**	**(2,715)**	**(54,020)**	**(67,800)**

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. In 2025/26 there has been a further adjustment to the PFI liability of £0.489 under IFRS16

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 2026 are set out in the table below.

Lilian Baylis 31 March 2026

	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Within 1 Year	1,357	291	905	2,553
1-2 Years	772	132	850	1,754
3-5 Years	666	110	1,563	2,339
Over 5 Years	-	(1)	-	(1)
Total	**2,795**	**532**	**3,318**	**6,645**

Lambeth Lighting 31 March 2026

	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Within 1 Year	590	148	2,254	2,992
1-2 Years	587	183	2,254	3,024
3-5 Years	1,538	-	6,014	7,552
Over 5 Years	-	-	-	-
Total	**2,715**	**331**	**10,522**	**13,568**

Myatt's Field 31 March 2026

	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Within 1 Year	3,912	3,184	5,001	12,097
1-2 Years	3,798	2,949	5,350	12,097
3-5 Years	11,502	7,427	17,361	36,290
Over 5 Years	34,808	7,601	31,308	73,717
Total	**54,020**	**21,161**	**59,020**	**134,201**

Norwood Hall 31 March 2026

	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Within 1 Year	545	663	317	1,525
1-2 Years	575	616	334	1,525
3-5 Years	1,393	1,604	1,375	4,372
Over 5 Years	5,758	2,358	3,634	11,750
Total	**8,271**	**5,241**	**5,660**	**19,172**

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 2026 are set out in the table below.

31-March-2026	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Payable within 1 year	**6,404**	**4,286**	**8,477**	**19,167**
Payable after 1 to 2 years	5,732	3,880	8,788	18,400
Payable after 3 to 5 years	15,099	9,141	26,313	50,553
Payable over 5 years	40,566	9,958	34,942	85,466
Total	**67,801**	**27,265**	**78,520**	**173,586**

31-March-2025	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Payable within 1 year	**6,065**	**4,689**	**8,122**	**18,876**
Payable after 1 to 2 years	6,337	4,396	8,193	18,926
Payable after 3 to 5 years	16,266	9,989	25,963	52,218
Payable over 5 years	44,756	12,518	41,505	98,779
Total	**73,424**	**31,592**	**83,783**	**188,799**

Note 39: Provisions

	Balance at 31-March-2025	Additional provision	Amounts Utilised	Amounts Released	Balance at 31-March-2026
	£'000	£'000	£'000	£'000	£'000
Insurance Fund GF	(3,734)	(973)	1,261	-	(3,446)
NNDR Provision for Appeals	(901)	(89)	-	-	(990)
Tax & VAT Assessments	(285)	-	-	-	(285)
Small Provisions	(71)	(40)	-	15	(96)
Legal Dispute Provision	(2,787)	(106)	-	2,099	(794)
ASC PY Invoice Provision	(2,368)	-	-	2,368	-
Sub-Total GF Provisions	**(10,146)**	**(1,208)**	**1,261**	**4,482**	**(5,611)**
Insurance Fund HRA	(2,336)	(1,565)	1,351	-	(2,550)
HRA Litigation Provision	(8,406)	(19,773)	-	500	(27,679)
Sub-Total HRA Provisions	**(10,742)**	**(21,338)**	**1,351**	**500**	**(30,229)**
Total Council Provisions	**(20,888)**	**(22,546)**	**2,612**	**4,982**	**(35,840)**

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.

- **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.

- **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 2025/26 that are likely to be successful and an average payment from similar cases has been used to calculate the provision.

Note 39: Provisions (continued)

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

2025/26	Current Liabilities	Non Current Liabilities	Balance at 31-March-2026
	Less than one year	Between one year and five years	
	£'000	£'000	£'000
Insurance Fund Provision - GF	(1,528)	(1,918)	(3,446)
NNDR Provision For Appeals	(990)	-	(990)
Tax & Vat Assessments Due	(285)	-	(285)
Small Provisions - Development Management Provision	(96)	-	(96)
Legal Dispute Provision	(794)	-	(794)
Sub-Total GF Provisions	**(3,693)**	**(1,918)**	**(5,611)**
Insurance Fund HRA	(449)	(2,101)	(2,550)
HRA Litigation Provision	(27,679)	-	(27,679)
Sub-Total HRA Provisions	**(28,128)**	**(2,101)**	**(30,229)**
Total Council Provisions	**(31,821)**	**(4,019)**	**(35,840)**

2024/25	Current Liabilities	Non Current Liabilities	Balance at 31-March-2025
	Less than one year	Between one year and 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)**

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 is party to a number of legal claims and disputes. Appropriate provisions have been recognised where there is a present obligation and a reliable estimate of the liability can be made. For the remaining matters, the outcome is uncertain or any potential financial effect cannot be measured with sufficient certainty. As the potential exposure is not material, neither individually nor in aggregate, no detailed disclosure for contingent liability has been included under this note.

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 2025/26 the Council paid £18.0m to the TPA (£21.6m in 2024/25), representing 28.68% of pensionable pay (28.68% in 2024/25). The contributions due to be paid in the next financial year are estimated to be £17.5m in 2026/27 or 28.68% of pensionable pay. For 2025/26 the Council made contributions to the NHS Pension Scheme of £0.045m (£0.057m in 2024/25). The contributions due to be paid to the NHS Pension Scheme in the next financial year are estimated to be £0.049m in 2026/27.

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 2026.

Restated 2024/25						2025/26				
Scheme Assets	Pensions Obligations	Net Asset	Asset Ceiling	IAS19 Net Pension Liability		Scheme Assets	Pensions Obligations	Net Asset	Asset Ceiling	IAS19 Net Pension Liability
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,820,941	(1,813,332)	7,609	(146,999)	(139,390)	Opening Balance at 1 April	1,819,206	(1,574,205)	245,001	(368,818)	(123,817)
1,819,206	(1,574,205)	245,001	(368,818)	(123,817)	Closing Balance at 31 March	2,024,304	(1,649,515)	374,789	(437,009)	(62,220)

Notes to the Accounts (General) (continued)

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

Restated 2024/25				2025/26		
Scheme Assets	Pensions Obligations	Asset Ceiling		Scheme Assets	Pensions Obligations	Asset Ceiling
£'000	£'000	£'000		£'000	£'000	£'000
1,820,915	**(1,813,306)**	**(146,999)**	**Opening Balance at 1 April**	**1,819,206**	**(1,574,205)**	**(368,818)**
-	(37,003)	-	Current Service Cost	-	(26,737)	-
-	(1,220)	-	Past Service cost and gains/losses on curtailments	-	(2,125)	-
86,859	(86,150)	(7,076)	Interest Income and Expense	104,986	(90,088)	(21,303)
		-	Admin Expense:	(27)	27	-
(86,693)	86,693	-	- Retirement Grants and Pensions	(82,754)	82,754	-
-	-	-	- Settlements	-	-	-
166	**(37,680)**	**(7,076)**	**Total post employment benefit charged to the (surplus)/deficit on provision of services**	**22,205**	**(36,169)**	**(21,303)**
			Remeasurements			
(66,139)	-	-	- Return on Plan Assets	97,702	-	-
-	3,192	-	- Actuarial Gains and Losses arising from changes in demographic assumptions		29,240	-
-	263,952	-	- Actuarial Gains and Losses from changes in Financial Assumptions	-	46,782	-
-	22,277	-	- Experience loss /(gain) on defined benefit obligation	16,167	(101,437)	-
-	-	(214,743)	Changes in the effect of the Asset Ceiling	-	-	(46,888)
(66,139)	**289,421**	**(214,743)**	**Post-Employment Benefits Charged to other Comprehensive Income and Expenditure Statement**	**113,869**	**(25,415)**	**(46,888)**
			Contributions			
51,624	-	-	- The Council	55,298	-	-
12,640	(12,640)	-	- Employees	13,726	(13,726)	-
64,264	**(12,640)**	**-**	**Employers contributions payable to scheme**	**69,024**	**(13,726)**	**-**
1,819,206	**(1,574,205)**	**(368,818)**	**Closing Balance at 31 March**	**2,024,304**	**(1,649,515)**	**(437,009)**

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 2026.

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 £374.8m (2024/25: £245.0m); the post-adjustment position is an liability of £62.2m (2024/25: £123.8m).

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**	
	2024/25	**2025/26**	**2024/25**	**2025/26**
Longevity at 65 for current pensioners:				
Men	19.9 years	20.8 years	21.0 years	21.5 years
Women	23.2 years	24.1 years	23.8 years	24.5 years
Longevity at 65 for future pensioners:				
Men	21.1 years	21.8 years	22.4 years	22.9 years
Women	24.5 years	25.7 years	25.4 years	25.6 years
Rate of increase in salaries	3.90%	3.85%	3.30%	3.50%
Rate of increase in pensions (CPI)	2.90%	2.85%	2.80%	3.00%
Rate for discounting scheme liabilities	5.65%	5.85%	5.80%	6.20%

A sensitivity analysis of the key methodological assumptions of the actuarial valuation can be found in note 3

The Council is entitled to 97% of the assets and liabilities of the Pension Fund.

Note 42d: Defined Benefit Pension Scheme assets

31-March-2025		LPFA Employer Asset Share – Bid Value	31-March-2026	
£'000	%		£'000	%
53,386	59	Equities	47,613	53
16,438	18	Target Return Portfolio	18,755	21
10,324	11	Infrastructure	10,457	12
8,249	9	Property	9,176	10
2,116	2	Cash	3,002	3
90,513	**100**	**Total**	**89,003**	**100**

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

Restated 31-March-2025		LBL Pension Fund Employer Asset Share – Bid Value	31-March-2026	
£'000	%		£'000	%
		Equity Securities		
228,766	13	Consumer	185,548	10
75,959	4	Manufacturing	179,317	9
30,342	2	Energy and Utilities	19,763	1
156,175	9	Financial Institutions	286,442	15
88,844	5	Health & Care	99,396	5
275,470	16	Information Technology	355,459	18
232,746	13	Other	181,631	9
		Debt Securities		
207,451	12	Other	215,057	11
41,341	2	Private Equity	64,687	3
53,006	3	Real Estate - UK Property	62,867	3
94,907	5	Real Estate - Overseas Property	22,585	1
		Investment Funds and Unit Trusts		
205,958	12	Other	144,275	7
37,701	2	Cash and Cash Equivalents	118,190	6
1,728,666	**100**	**Total**	**1,935,217**	**100**

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

The Council's obligations are an estimate, based on the best evidence that the actuaries have at 31st March 2026.

The Council's funding strategy, agreed with the Fund Actuary, is to ensure that the Pension Fund remains fully funded over the long term while maintaining stable and affordable employer contribution rates. The latest triennial actuarial valuation was completed as at 31 March 2025 and reported that the Fund was in a surplus position, with a funding level of approximately 120% (2022: 96%). The estimated employers' contributions for the year ending 31 March 2027 will be approximately £40.7m

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

Restated 2024/25 £'000	Comprehensive Income and Expenditure Statement	2025/26 £'000
	Cost of Services	
(37,003)	Current Service Cost	(26,737)
(1,220)	Past Service cost and (gains)/losses on curtailments	(2,125)
-	Effect of settlements	-
	Other Operating (income)/expenditure	
-	Admin Expense	-
	Financing and Investment Income and Expenditure	
(6,367)	Interest Income and Expense (Net)	(6,405)
(44,590)	**Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services**	**(35,267)**
	Re-measurements of the Net Defined Benefit Liability	
(66,139)	Return on Plan Assets	97,702
263,952	Actuarial (Gains) and Losses from changes in Financial Assumptions	46,782
3,192	Actuarial (Gains) and Losses arising from changes in demographic assumptions	29,240
22,277	Experience Adjustments	(85,270)
(214,743)	Changes in the effect of the Asset Ceiling	(46,888)
8,539	**Total Re-measurements Recognised in CIES**	**41,566**
(36,051)	**Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement**	**6,299**

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.

2024/25 £'000	Comprehensive Income and Expenditure Statement	2025/26 £'000
(9,752)	Monies Held on behalf of adult care clients	(9,325)
(4)	Monies Held on behalf of children in care	(4)
(5)	Wellington Mills - Housing Co-operative	(5)
(673)	Others*	(638)
(10,434)	**Total**	**(9,972)**

*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
2024/25	**2024/25**		**2025/26**	**2025/26**
£'000	**£'000**		**£'000**	**£'000**
128,358	137,108	Purchase of property, plant and equipment, investment property and intangible assets	77,611	80,631
13,738	1,772	Other payments for investing activities	875,605	889,099
(22,262)	(22,262)	Proceeds from the sale of property, plant and equipment and intangible assets	(22,284)	(22,284)
(10,000)	(10,000)	Proceeds from short-term and long-term investments	-	-
(52,279)	(41,954)	Other receipts from investing activities	(911,703)	(918,203)
57,555	**64,664**	**Net cash flows from investing activities**	**19,229**	**29,243**

Note 45: Financing Activities

Council	Group		Council	Group
Restated 2024/25	**Restated 2024/25**		**2025/26**	**2025/26**
£'000	**£'000**		**£'000**	**£'000**
(337,000)	(337,000)	Cash receipts of short and long-term borrowing	(165,000)	(165,000)
-	-	Council Tax and NNDR adjustments	8,510	8,510
14,384	14,384	Cash payments for the reduction of the outstanding liabilities relating to leases and on-balance sheet PFI contracts	13,808	13,808
144,338	144,338	Repayments of short- and long-term borrowing	166,221	166,221
(3,324)	(3,324)	Other Investing Activities	-	-
(181,602)	**(181,602)**	**Net cash flows from investing activities**	**23,539**	**23,539**

Note 46: Operating Activities (Interest)

The cash flows for operating activities include the following items

Council	Group		Council	Group
2024/25	**2024/25**		**2025/26**	**2025/26**
£'000	**£'000**		**£'000**	**£'000**
(4,776)	(1,394)	Interest received	(4,788)	(3,560)
49,443	46,537	Interest paid	53,213	53,213
44,667	**45,143**	**Total**	**48,425**	**49,653**

NOTES TO THE CASH FLOW STATEMENT (continued)

Note 46a: Operating Activities (Detail)

Council Restated 2024/25 £'000	Group Restated 2024/25 £'000		Council 2025/26 £'000	Group 2025/26 £'000	Note
140,797	**112,122**	**Net (surplus) or deficit on the provision of services**	**23,167**	**29,138**	
		Adjust net surplus or deficit on the provision of services for non-cash movements			
(76,038)	(75,628)	Depreciation and amortisation	(78,078)	(78,461)	
(36,843)	(81,008)	Impairment and revaluations	8,362	2,756	
-	-	Impairment (loss)/gain on investments	(432)	(432)	
55,507	57,954	(Increase)/Decrease in Creditors	(7,742)	(20,933)	
(3,672)	1,218	Increase/(Decrease) in Debtors	(32,682)	(27,212)	
2	21	Increase/(Decrease) in Inventories	2	(17)	
-	-	Contributions (to)/from Provisions	(14,952)	(14,952)	
7,033	8,282	Movement in pension liability	20,032	20,032	
(44,144)	(7,466)	Carrying amount of non-current assets sold (property plant and equipment, investment property and intangible assets)	(7,687)	(7,960)	
(14,509)	5,145	Other non-cash items charged to the net surplus or deficit on the provision of services	-	(370)	
(112,664)	**(91,482)**		**(113,177)**	**(127,549)**	
		Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities			
-	-	Net adjustment from the sale of short and long term investments	-	-	
22,261	22,261	Proceeds from the sale of property plant and equipment, investment property and intangible assets	22,284	22,284	
36,693	36,693	Any other items for which the cash effects are investing or financing cash flows	35,959	35,959	
58,954	**58,954**	**Net Cash Flows from Operating Activities**	**58,243**	**58,243**	
57,555	64,664	Investing Activities	19,229	29,243	44
(181,602)	(181,602)	Financing Activities	23,539	23,539	45
(36,960)	**(37,344)**	**Net (increase) or decrease in cash and cash equivalents**	**11,001**	**12,614**	
7,493	12,643	Cash and cash equivalents at the beginning of the reporting period	44,453	49,987	
44,453	**49,987**	**Cash and cash equivalents at the end of the reporting period**	**33,452**	**37,373**	

Note 47: Cash and Cash Equivalents

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

Council	Group		Council	Group
2024/25	2024/25		2025/26	2025/26
£'000	£'000		£'000	£'000
55	55	Cash held by the Council	-	-
42,965	48,499	Bank current accounts in current assets	751	4,672
1,433	1,433	Short-term deposits with banks	32,700	32,700
44,453	**49,987**	**Total Cash and Cash Equivalents**	**33,451**	**37,372**

Note 48: Reconciliation of Liabilities Arising from Financing Activities

	Restated Balance at 31-March-2025	Financing Cash Flows	Other non-cash changes	Balance at 31-March-2026
	£'000	£'000	£'000	£'000
Borrowings	(1,140,229)	1,221	213	(1,138,795)
Leases	(35,537)	7,699	(7,652)	(35,490)
On balance sheet PFI liabilities	(73,424)	6,110	(487)	(67,801)
Total liabilities from financing activities	**(1,249,190)**	**15,030**	**(7,926)**	**(1,242,086)**

Note 49a: Prior Year Adjustments - Single Entity

The Council has made a number of material adjustments to restate amounts previously reported in the 2024/25 financial statements. Details of each material adjustment are set out below.

Leases – Following the adoption of IFRS 16 on 1 April 2024, a number of lease arrangements primarily relating to Temporary Accommodation, were omitted from the Council's lease accounting records. As a result Right of Use (ROU) assets and lease liabilities (including both short-term and long-term creditors) were understated.

Adjustments have now been made to recognise these lease arrangements in accordance with IFRS 16. This has resulted in the recognition of additional ROU assets and corresponding finance lease liabilities. The associated lease payments have also been reclassified with revenue expenditure adjusted to reflect the split between finance costs (interest) and the repayment of the lease liability (Minimum Revenue Provision/principal repayment).

Pension Liability Adjustment – A prior period adjustment has been made to correct the application of the IAS 19 asset ceiling within the 2024/25 financial statements. The Balance Sheet for 2024/25 incorrectly recognised a Net Defined Benefit Pension Asset of £198m. Applying the IAS 19 asset ceiling correctly results in a £321m deterioration in the Council's pension position, comprising the derecognition of the £198m pension asset and the recognition of a £124m net pension liability. This adjustment has also reduced unusable reserves (the Pensions Reserve) by £321m. In addition, IAS 19 pension service costs were previously charged centrally to Corporate and HRA services rather than being allocated across the relevant service areas. This has now been corrected with service costs apportioned to the appropriate Cost of Services (COS) in line with the services to which they relate.

Academy Conversions – During 2025/26, it was identified that three schools had converted to academy status during 2024/25 and had therefore transferred out of the Council's control. These schools had not been appropriately derecognised in the 2024/25 Statement of Accounts, resulting in an overstatement of Property, Plant and Equipment, the Revaluation Reserve and the Capital Adjustment Account. A prior period adjustment has been made to remove the schools' assets from Property, Plant and Equipment, eliminate the associated balances held within the Revaluation Reserve and transfer the net book value to the Capital Adjustment Account. The adjustment has no impact on the Council's usable reserves. The total net book value of the schools' non-current assets removed from the Balance Sheet was £36.7m as at 31 March 2025.

Restatement of Comparative Net Cost of Service – Following changes to the Council's organisational and management reporting structure during 2025/26, comparative figures for 2024/25 within the Cost of Services have been reclassified to align with the current year presentation. The restatement has been made to ensure meaningful comparison between reporting periods and does not represent a Prior Period Adjustment. There is no impact on the Council's reported financial performance, financial position or reserves as the changes relate solely to the classification of expenditure and income between service segments.

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

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

Effect on Balance Sheet 1 April 2025	1 April 2025 Balance as previously stated	Leases 1 April 2024	Leases 2024/25	Schools	Pensions	1 April 2025 Balance Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Long term assets						
Property, Plant and Equipment	4,052,780			(36,678)		4,016,102
Right of Use	44,506	27,799	5,732			78,037
Assets related to Pension Scheme	197,592				(197,592)	-
Total Long-term Assets	**4,376,411**	**27,799**	**5,732**	**(36,678)**	**(197,592)**	**4,175,671**
Current Liabilities						
Short-term creditors	(142,679)	(5,143)	(1,276)			(149,098)
Total Current Liabilities	**406,531**	**(5,143)**	**(1,276)**	**-**	**-**	**(412,950)**
Long-term Liabilities						
Long-term Creditors	(69,045)	(22,656)	(4,894)			(96,595)
IAS19 Net Pension Liability	-				(123,817)	(123,817)
Total Long-term Liabilities	**(1,079,717)**	**(22,656)**	**(4,894)**	**-**	**(123,817)**	**(1,231,084)**
Net Assets	**3,179,233**		**(439)**	**(36,678)**	**(321,409)**	**2,820,707**
Reserves						
Unusable Reserves	(2,954,072)		439	36,678	321,409	(2,595,546)
Total Unusable Reserves	(2,954,072)	-	439	36,678	321,409	(2,595,546)
Total Reserves	**(3,179,233)**		**439**	**36,678**	**321,409**	**(2,820,707)**

Notes to the Accounts (General) (continued)

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

Effect on Movement in Reserves 1 April 2025 General Fund	1 April 2025 MiRS as previously stated	Leases 1 April 2024	Leases 2024/25	Schools	Pensions	1 April 2025 MiRS Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024 brought forward	**(151,791)**					**(151,791)**
Total Comprehensive Income and Expenditure	92,687		439	36,678	1,006	130,810
Adjustments between accounting basis and funding basis	(58,387)		(439)	(36,678)	(1,006)	(96,510)
Balance at 31 March 2025	**(117,491)**	**-**	**-**	**-**	**-**	**(117,491)**

Effect on Movement in Reserves 1 April 2025 HRA	1 April 2025 MiRS as previously stated	Leases 1 April 2024	Leases 2024/25	Schools	Pensions	1 April 2025 MiRS Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024 brought forward	**(14,383)**					**(14,383)**
Total Comprehensive Income and Expenditure	9,744				243	9,987
Adjustments between accounting basis and funding basis	(1,708)				(243)	(1,951)
Balance at 31 March 2025	**(6,347)**	**-**	**-**	**-**	**-**	**(6,347)**

Effect on Movement in Reserves 1 April 2025 Unusable Reserve	1 April 2025 MiRS as previously stated	Leases 1 April 2024	Leases 2024/25	Schools	Pensions	1 April 2025 MiRS Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024 brought forward	**(2,686,064)**					**(2,686,064)**
Total Comprehensive Income and Expenditure	(333,238)				320,161	(13,077)
Adjustments between accounting basis and funding basis	65,230		439	36,678	1,249	103,596
Balance at 31 March 2025	**(2,954,072)**	**-**	**439**	**36,678**	**321,410**	**(2,595,545)**

Notes to the Accounts (General) (continued)

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

Effect on Comprehensive Income and Expenditure Statement 2024/25	As previously stated 2024/25	Segment reporting NCS Exp	Segment reporting NCS Inc	Leases 2024/25	Schools	Pensions	Restated 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure							
Adult Social Care	195,049	(195,049)					-
Children's Services	472,716	(472,716)					-
Chief Executive	849	(849)					-
Climate & Inclusive Growth	40,021	(40,021)					-
Communities, Governance and Change	26,599	(26,599)					-
Corporate Items	7,218	-				10,915	18,133
Finance	12,145	(12,145)					-
Housing Services	119,062	-		(1,646)		(395)	117,021
Housing Revenue Account	233,685	-				243	233,928
Integrated Health & Care	58,774	(58,774)					-
Resident & Enabling Services	381,688	(381,688)					-
Children, Families and Education	-	147,190				(4,358)	142,832
Education and Learning (DSG)	-	325,526					325,526
Growth and Environment	-	188,509		(46)		(2,197)	186,266
Integrated Health and Adult Social Care	-	253,824				(1,152)	252,672
Resources	-	272,792		(11)		(1,833)	270,948
Total Gross Expenditure	**1,547,806**	**-**	**-**	**(1,703)**	**-**	**1,223**	**1,547,326**
Gross Income							
Adult Social Care	(110,248)		110,248				-
Children's Services	(359,227)		359,227				-
Chief Executive	-		-				-
Climate & Inclusive Growth	(23,738)		23,738				-
Communities, Governance and Change	(8,590)		8,590				-
Corporate Items	(187)		-				(187)
Finance	(2,321)		2,321				-
Housing Services	(54,486)		-				(54,486)
Housing Revenue Account	(227,195)		-				(227,195)
Integrated Health & Care	(56,705)		56,705				-
Resident & Enabling Services	(306,097)		306,097				-
Children, Families and Education			(37,385)				(37,385)
Education and Learning (DSG)			(321,842)				(321,842)
Growth and Environment			(139,597)				(139,597)
Integrated Health and Adult Social Care			(166,953)				(166,953)
Resources			(201,149)				(201,149)
Total Gross Income	**(1,148,794)**	**-**	**-**	**-**	**-**	**-**	**(1,148,794)**

Notes to the Accounts (General) (continued)

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

Effect on Comprehensive Income and Expenditure Statement 2024/25 (Continued)	As previously stated 2024/25	Remapping NCS Exp	Remapping NCS Inc	Leases 2024/25	Schools	Pensions	Restated 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost of Services	**399,012**	**-**	**-**	**(1,703)**	**-**	**1,223**	**398,532**
(Gains)/losses on the Disposal of Non-Current Assets	(17,584)				36,678		19,094
Other Operating (Income)/Expenditure	**(13,981)**	**-**	**-**	**-**	**36,678**	**-**	**22,697**
Interest Payable and Similar Charges - other	50,953			2,142			53,095
Net interest on the net pensions' liability	6,341					26	6,367
Financing and investment income and expenditure	**119,858**	**-**	**-**	**2,142**	**-**	**26**	**122,026**
(Surplus)/deficit on provision of services	**102,431**			**439**	**36,678**	**1,249**	**140,797**
Remeasurement of the net defined benefit liability	(328,700)					320,161	(8,539)
Other Comprehensive income and expenditure	**333,238**	**-**	**-**	**-**	**-**	**320,161**	**(13,077)**
Total Comprehensive income and expenditure	**230,807**	**-**	**-**	**439**	**36,678**	**321,410**	**127,720**

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:

The Council has historically recognised the value of its non-current assets held within its Housing for Lambeth companies on the basis of Existing Use Value (EUV). However, given the nature of the service provision, the Council believes that the non-current assets should be valued on the basis of Existing Use Value - Social Housing (EUV-SH) as the properties are expected to be used for social housing purposes.

Valuations of properties under EUV-SH are typically significantly lower than under EUV.

Details of the impact of the change in valuation are set out below.

The Council has also adjusted its allocation of its revaluation reserve in respect of its group entities. Historically, the council had recognised the revaluation reserve within unusable reserves as would be the case in the council entity financial statements. However, the statutory basis for accounting within unusable reserves only applies to local authorities and not to any companies that have been created. Therefore, the revaluation reserve has been transferred to general reserves within the group financial statements for those properties held in companies.

The Council has also made prior period adjustments in its single entity financial statements as detailed in note 49a above.

Effect on Balance Sheet 1 April 2024	**1 April 2024 Balance as previously stated**	**Reduction in HfL Assets**	**Tfr Group entity unusable to retained reserves**	**1 April 2024 Balance Restated**
	£'000	**£'000**	**£'000**	**£'000**
Long term assets				
Property, Plant and Equipment	4,147,412	(29,463)		4,117,949
Total Long-term Assets	**4,185,638**	**(29,463)**	**-**	**4,156,175**
Short Term Creditors	(197,698)	4,063		(193,635)
Grants Receipts in Advance - Capital	(77,102)	(4,063)		(81,165)
Current Liabilities	**(464,553)**	**-**	**-**	**(464,553)**
Grants Receipts in Advance - Capital	(12,334)	(4,114)		(16,448)
Long Term Liabilities	**(1,027,995)**	**(4,114)**	**-**	**(1,032,109)**
Net Assets	**2,957,908**	**(33,577)**		**2,924,331**
Reserves				
Unusable Reserves	(2,752,015)	4,114	39,137	(2,708,764)
Total Unusable Reserves	**(2,752,015)**	**4,114**	**39,137**	**(2,708,764)**
Total Authority Reserves	**(3,014,376)**	**4,114**	**39,137**	**(2,971,125)**
HfL Reserves	56,468	29,463	(39,137)	46,794
Total Reserves	**(2,957,908)**	**33,577**	**-**	**(2,924,331)**

Notes to the Accounts (General) (continued)

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 2024	1 April 2025 Balance as previously stated	Entity	Tfr Group entity unusable to retained reserves	Adjustment per 23/24	Adjustment 24/25	1 April 2025 Balance Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Long term Assets						
Property, Plant and Equipment	4,157,835	(36,679)		(29,463)	(21,796)	4,069,897
Rights of Use	44,506	33,531				78,037
Assets related to Pension Scheme	197,592	(197,592)				-
Total Long-term Assets	**4,439,552**	**(200,740)**	**-**	**(29,463)**	**(21,796)**	**4,187,553**
Current Liabilities						
Short-term creditors	(144,566)	(6,419)			7,221	(143,764)
Grants Receipts in Advance - Capital	(53,683)	-			(7,221)	(60,904)
Total Current Liabilities	**(408,419)**	**(6,419)**			**7,221**	**(414,838)**
Long-term Liabilities						
Long-term Creditors	(69,045)	(27,550)				(96,595)
IAS19 Net Pension Liability	-	(123,817)				(123,817)
Grants Receipts in Advance - Capital				(4,114)		
Total Long-term Liabilities	**(1,084,503)**	**(151,367)**	**-**	**(4,114)**	**-**	**(1,239,984)**
Net Assets	**3,239,163**	**(358,526)**	**-**	**(33,577)**	**(21,796)**	**2,825,264**
Reserves						
Unusable Reserves	(3,072,585)	358,526	54,440	4,114	-	(2,655,505)
Total Unusable Reserves	**(3,072,585)**	**358,526**	**54,440**	**4,114**	**-**	**(2,655,505)**
Total Authority Reserves	**(3,297,746)**	**358,526**	**54,440**	**4,114**	**-**	**(2,880,666)**
HFL Group Ltd Reserves	58,584		(54,440)	29,463	21,796	55,403
Total Reserves	**(3,239,163)**	**358,526**	**-**	**33,577**	**21,796**	**(2,825,264)**

Notes to the Accounts (General) (continued)

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 2024	1 April 2025 MiRS as previously stated	Entity 1 April 2024	Adjustment per 23/24	Adjustment 24/25	1 April 2025 MiRS Restated
General Fund	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 31 March 2024 brought forward	**(151,791)**				**(151,791)**
Total Comprehensive Income and Expenditure	61,449	38,123		277	99,849
Adjustments between group accounts and council accounts	31,238			(277)	30,961
Adjustments between accounting basis and funding basis	(58,387)	(38,123)			(96,510)
Balance at 31 March 2025	**(117,491)**	**-**	**-**	**-**	**(117,491)**

Effect on Balance Sheet 1 April 2024	1 April 2025 MiRS as previously stated	Entity 1 April 2024	Adjustment per 23/24	Adjustment 24/25	1 April 2025 MiRS Restated
HRA	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 31 March 2024 brought forward	**(14,382)**				**(14,382)**
Total Net Comprehensive Income and Expenditure	11,375	243		-	11,618
Adjustments between group accounts and council accounts	(1,632)			-	(1,632)
Adjustments between accounting basis and funding basis	(1,708)	(243)			(1,951)
Balance at 31 March 2025	**(6,347)**	**-**	**-**	**-**	**(6,347)**

Effect on Balance Sheet 1 April 2024	1 April 2025 MiRS as previously stated	Entity 1 April 2024	Adjustment per 23/24	Adjustment 24/25	1 April 2025 MiRS Restated
Unusable Reserve	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 31 March 2024 brought forward	**(2,752,015)**		**43,251**		**(2,708,764)**
Total Net Comprehensive Income and Expenditure	(349,933)	320,161		16,718	(13,054)
Adjustments between group accounts and council accounts	(35,867)			(1,416)	(37,283)
Adjustments between accounting basis and funding basis	65,230	38,366			103,596
Balance at 31 March 2025	**(3,072,585)**	**358,527**	**43,251**	**15,302**	**(2,655,505)**

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

Effect on Balance Sheet 1 April 2024	1 April 2025 MiRS as previously stated	Entity 1 April 2024	Adjustment per 23/24	Adjustment 24/25	1 April 2025 MiRS Restated
Subsidiary Reserves	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 31 March 2024 brought forward	**56,469**		**(9,674)**		**46,795**
Total Net Comprehensive Income and Expenditure	(4,146)	-		4,800	654
Adjustments between group accounts and council accounts	6,261			1,693	7,954
Adjustments between accounting basis and funding basis	-	-			-
Balance at 31 March 2025	**58,584**	**-**	**(9,674)**	**6,493**	**55,403**

Notes to the Accounts (General) (continued)

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

Effect on Balance Sheet 1 April 2024	As previously stated 2024/25	Single Entity	Group PPE amendment	Restated 2024/25
	£'000	£'000	£'000	£'000
Gross Expenditure				
Adult Social Care	195,049	(195,049)		-
Children's Services	472,716	(472,716)		-
Chief Executive	849	(849)		-
Climate & Inclusive Growth	36,821	(36,821)		-
Communities, Governance and Change	26,599	(26,599)		-
Corporate Items	7,218	10,915		18,133
Finance	12,145	(12,145)		-
Housing Services	119,062	(2,041)		117,021
Housing Revenue Account	233,685	243		233,928
Integrated Health & Care	58,774	(58,774)		-
Resident & Enabling Services	381,688	(381,688)		-
Children, Families and Education	-	142,832		142,832
Education and Learning (DSG)	-	325,526		325,526
Growth and Environment	-	183,066		183,066
Integrated Health and Adult Social Care	-	252,672		252,672
Resources	-	270,948		270,948
HfL Group	4,460		5,078	9,538
Total Gross Expenditure	**1,549,066**	**(480)**	**5,078**	**1,553,664**
Gross Income				
Adult Social Care	(110,248)	110,248		-
Children's Services	(359,227)	359,227		-
Chief Executive	-	-		-
Climate & Inclusive Growth	(23,434)	23,434		-
Communities, Governance and Change	(8,590)	8,590		-
Corporate Items	(187)	-		(187)
Finance	(2,321)	2,321		-
Housing Services	(54,486)	-		(54,486)
Housing Revenue Account	(225,563)	-		(225,563)
Integrated Health & Care	(56,705)	56,705		-
Resident & Enabling Services	(306,097)	306,097		-
Children, Families and Education		(37,385)		(37,385)
Education and Learning (DSG)		(321,842)		(321,842)
Growth and Environment		(139,293)		(139,293)
Integrated Health and Adult Social Care		(166,953)		(166,953)
Resources		(201,149)		(201,149)
HfL Group	(8,884)			(8,884)
Total Gross Income	**(1,155,742)**	**-**	**-**	**(1,155,742)**

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

Effect on Comprehensive Income and Expenditure Statement 2024/25 (Continued)	As previously stated 2024/25	Single Entity	Group PPE amendment	Restated 2024/25
	£'000	£'000	£'000	£'000
Cost of Services	**393,324**	**(480)**	**5,078**	**397,922**
(Gains)/losses on the Disposal of Non-Current Assets	(17,584)	36,678		19,094
Other Operating (Income)/Expenditure	**(13,981)**	**36,678**		**22,697**
Interest Payable and Similar Charges - other	52,670	2,142		54,812
Net interest on the net pensions' liability	6,341	26		6,367
Financing and investment income and expenditure	**88,593**	**2,168**		**90,761**
(Surplus)/deficit on provision of services	68,678	38,366	5,078	112,122
				-
Loss / (Gain) on revaluation of non-current assets	(21,233)		16,718	(4,515)
Remeasurement of the net defined benefit liability	(328,700)	320,161		(8,539)
Other Comprehensive income and expenditure	**(349,933)**	**320,161**	**16,718**	**(13,054)**
Total Comprehensive income and expenditure	**(281,255)**	**358,527**	**21,796**	**99,068**

SECTION – 5

OTHER FINANCIAL STATEMENTS

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.

Restated 2024/25 £'000		2025/26 £'000	Note
	Income		
(159,796)	Dwelling rents	(169,644)	
(4,039)	Non-dwelling rents	(4,471)	
(51,261)	Charges for services and facilities	(48,326)	
(4,400)	Contributions Towards Expenditure	(902)	
(7,729)	PFI Credit	(7,729)	
(227,225)	**Total income**	**(231,072)**	
	Expenditure		
60,574	Repairs and maintenance	63,577	
117,770	Supervision and management	126,160	
3,455	Rents, rates, taxes and other charges	4,597	
29,497	Depreciation of property, plant and equipment	29,900	54
22,046	Impairment / Revaluation (gain) / loss	(9,301)	54
233,342	**Total expenditure**	**214,933**	
6,117	**Net cost of HRA services included in the Comprehensive Income and Expenditure Statement**	**(16,139)**	
616	HRA services share of Corporate and Democratic Core	615	
6,733	**Net cost of HRA Services**	**(15,524)**	
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
18,165	Interest payable and similar charges	21,000	
(14,261)	Gain or Loss on disposal	(12,998)	
-	Interest and investment income	(545)	
2,013	Impairments on receivables	11,635	
(2,663)	Capital Grants and Contributions	(8,750)	
9,987	**(Surplus) or deficit for the year on HRA Services**	**(5,182)**	

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.

Restated 2024/25 £'000	Expenditure	2025/26 £'000
(2)	**Balance on the HRA as at 1 April**	**-**
9,987	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement	(5,182)
(1,951)	Adjustments Between Accounting Basis and Funding Basis under Statute	(2,579)
8,036	**Net (increase)/decrease before transfers to/(from) reserves**	**(7,761)**
(8,034)	Transfers to/(from) earmarked reserves	244
2	**(Increase)/decrease in year on the HRA balance**	**(7,517)**
-	**HRA Balance at 31 March ***	**(7,517)**

* 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.

Restated 2024/25		2025/26
£'000		£'000
(22,046)	Impairments / Revaluation loss	9,300
365	Capital Grants and Contributions	563
(29,497)	Depreciation of non-current assets	(29,900)
(7,466)	Carrying amounts of non-current assets written off on disposal or sale	(7,627)
(23)	Accumulated absences provision	(55)
(4,405)	Net charges made for retirement benefits in accordance with IAS 19	(3,969)
	Secretary of State Capitalisation Direction (SSDC)	(40,000)
4,238	Minimum Revenue Provision	3,775
29,497	Transfer to Major Repairs Reserve	29,900
21,728	Transfer to Capital Receipts Reserve of proceeds from disposal of non-current assets	20,772
(2,790)	Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserves)	(147)
2,298	Application of capital grants received in year to finance capital expenditure	8,186
6,150	Employer's contributions payable to the Lambeth Pension Fund and retirement benefit payable direct to pensioners	6,623
(1,951)	**Total Adjustments Between Accountancy Basis and Funding Basis under Statute**	**(2,579)**

Note 51: Housing Stock

Type of accommodation	31-March-2025	Movement	31-March-2026
	No.		No.
Flats	19,766	(11)	19,755
Houses	3,875	(4)	3,871
Multi-occupied	193	-	193
Total	**23,834**	**(15)**	**23,819**
Right to buy sales		(74)	
Disposals		(4)	
Rent to Mortgage Buy Backs*		41	
Demolitions		(42)	
New creations		64	
Total		**(15)**	

* 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

2024/25		2025/26
£'000		£'000
2,382,719	Council dwellings	2,514,644
115,222	Other Land & Buildings	113,756
2,108	Community Assets	2,207
2,549	Surplus	6,220
1,925	Assets held for sale	2,848
1,215	Vehicles, Plant & Equipment	237
9,852	Assets under Construction	9,465
2,879	Right of Use Assets	2,797
-	Intangibles	476
2,518,469	**Total**	**2,652,650**

Note 53: Capital Expenditure, Financing and Receipts

2024/25 £'000		2025/26 £'000
	HRA capital expenditure	
61,440	Works to dwellings	36,604
7,460	Other Land & Buildings	10
7	Vehicles, Plant & Equipment	1
-	Assets under construction	5,579
173	Community Assets	100
217	Surplus Assets	70
14	Right of Use Assets	14
869	Work in Progress	-
70,180	**Total HRA capital expenditure**	**42,378**
	Financing of capital expenditure	
6,812	Borrowing	-
36,297	Major Repairs Reserve	29,900
11,409	Capital Receipts	4,987
9,126	Government grants	6,805
193	Other contributions - Section 20	-
2,105	Other contributions - Section 106	686
4,238	Minimum revenue provision	-
70,180	**Total financing of capital expenditure**	**42,378**

Additionally, during 2025/26 there was £40m of HRA EFS (funding from £4.1m capital receipts and £35.9m borrowing).

Note 54: Depreciation and Impairment

2024/25 £'000		2025/26 £'000
	Depreciation charged to the HRA I&E for the year	
	Operational assets	
27,558	- dwellings	27,785
1,939	- other property	2,115
	Non-operational assets	
-	- dwellings	-
-	- other property	-
29,497	**Total Depreciation**	**29,900**
	Impairments and revaluation losses charged to the HRA I&E for the year	
	Operational assets	
22,898	- dwellings	11,275
-	- other property	1,256
	Non-operational assets	
-	- dwellings	2,452
392	- other property	-
23,290	**Total Impairments and revaluation losses charged to the HRA I&E for the year**	**14,983**
	Revaluation / Impairment (gains) reversed in the HRA I&E for the year	
	Operational assets	
(1,244)	- dwellings	(24,052)
-	- other property	(56)
	Non-operational assets	
-	- dwellings	(175)
(1,244)	**Total Revaluation / Impairment (gains) reversed in the HRA I&E for the year**	**(24,283)**
22,046	**Net Impairment**	**(9,300)**

Note 55: Rent Arrears

2024/25		2025/26
	Rent arrears comprise:	
23,236	Arrears as at 31st March	24,266
(7,514)	Impairment on receivables	(11,610)
15,722	**Collectable amount**	**12,656**

Note 56: Vacant Possession Value

The vacant possession value of dwellings within the HRA at 31 March 2026 was £9.988 bn (£9.545 bn at 31 March 2025) which has been reduced to £2.497 bn (£2.386 bn at 31 March 2025) 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 incurred a charge from the Pension Reserve of £2.65m in 2025/26 (charge of £1.75m in 2024/25), as per proper practice. The impact of this on the HRA balance is nil 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.

2024/25					2025/26				
NNDR	Council Tax	* BRS	Total		NNDR	Council Tax	BRS	Total	
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	Note
				INCOME					
	(216,946)		(216,946)	Council Tax receivable		(230,615)		(230,615)	
	(451)		(451)	Transfer for Transitional Relief, S13A Reliefs and discount for prompt payment		(515)		(515)	
(181,092)			(181,092)	Business Rates receivable	(182,923)			(182,923)	
(3,862)			(3,862)	Transitional Protection Payments Payable	(516)			(516)	
(14,934)			(14,934)	Contribution from preceptors towards previous years Collection Fund deficit	-			-	
		(4,843)	(4,843)	Business Rates Supplement			(4,696)	(4,696)	
(199,888)	**(217,397)**	**(4,843)**	**(422,128)**	**Total income**	**(183,439)**	**(231,130)**	**(4,696)**	**(419,265)**	
				Expenditure					
52,475	159,592		212,067	LB Lambeth	56,187	173,175		229,362	
57,722			57,722	Central Government	61,805			61,805	
64,719	53,968		118,687	Greater London Assembly (GLA)	69,297	58,024		127,321	
				Distribution of previous year's estimated surplus	4,656			4,656	
				Business Rates Supplement					
		4,754	4,754	Payment to GLA			4,687	4,687	
		9	9	Administrative Costs			9	9	
				Charges to Collection Fund					
1,360	2,450		3,810	Write-offs of uncollectable amounts				-	
10,886	(74)		10,812	Increase/(Decrease) in Impairment on receivables	1,942	4,522		6,464	
(2,759)			(2,759)	Increase/(Decrease) in Provision for Appeals	300			300	
354			354	Interest on Refunds				-	
221			221	Disregarded Amount				-	
487			487	Cost of Collection	490			490	
185,465	**215,936**	**4,763**	**406,164**	**Total expenditure**	**194,677**	**235,721**	**4,696**	**435,094**	
(14,423)	**(1,461)**	**(80)**	**(15,964)**	**(Surplus)/Deficit - in year**	**11,238**	**4,591**	**-**	**15,829**	
16,609	2,916		19,525	Collection Fund (Surplus)/Deficit at 1 April	2,186	1,455		3,641	
(14,423)	(1,461)	(80)	(15,964)	(Surplus)/Deficit arising during the year	11,238	4,591	-	15,829	
2,186	**1,455**	**(80)**	**3,561**	**(Surplus)/Deficit carried forward**	**13,424**	**6,046**	**-**	**19,470**	
				Analysis of Fund balance distributed in year:					
(4,480)			(4,480)	LB Lambeth	1,397			1,397	
(4,928)			(4,928)	Central Government	1,536			1,536	
(5,526)			(5,526)	GLA	1,723			1,723	
(14,934)	**-**	**-**	**(14,934)**		**4,656**	**-**	**-**	**4,656**	

* 2024/25 comparator - BRS is disaggregated from the Council Tax position. The BRS carried forward balance was included within the Council's creditor balance.

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%	97.0%	N/A	30.0%	75.1%	30.0%	24.9%	37.0%
Arrears	75,029	28,726	N/A	9,415	56,318	8,755	18,711	10,556
Impairment on receivable	(31,878)	(11,603)	N/A	(3,829)	(23,928)	(3,481)	(7,950)	(4,293)
Appeals Provision	N/A	(3,300)	N/A	(1,089)	N/A	(990)	N/A	(1,221)
Overpayments & Pre-payments	(16,877)	(15,486)	N/A	(5,110)	(12,668)	(4,646)	(4,209)	(5,730)
(Surplus)/Deficit	6,045	13,679	N/A	4,094	4,533	4,282	1,512	5,303

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 2026, the band D Council tax was set at £1,953.95 based upon a tax base of 118,324 (for 2024/25 £1,865.41 based upon a tax base of 114,484) and includes £490.38 requirement for the Greater London Authority (£471.40 in 2024/25)

The table below shows the calculation of the Council Tax Base for 2025/26.

Valuation Band	Total no. of dwellings on valuation list	Total equivalent dwellings after adjustments	Ratio	Band D equivalent dwellings
A	4,827	3,486	6 / 9	2,324
B	31,659	23,137	7 / 9	17,995
C	41,480	34,267	8 / 9	30,460
D	32,704	28,066	9 / 9	28,066
E	16,043	14,499	11 / 9	17,721
F	10,395	9,816	13 / 9	14,179
G	5,763	5,703	15 / 9	9,505
H	1,119	1,183	18 / 9	2,366
Total	**143,990**	**120,157**		**122,616**
Less Adjustment for collection rate				(4,292)
Council Tax Base				**118,324**

The total council tax income is based on the 2025/26 estimated collection and the 2024/25 deficit. However, as this is determined before the end of 2024/25 an adjustment is required in 2025/26 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 2025/26 the council tax collection fund reported an in-year deficit of £4.6m.

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 2025/26 the standard multiplier was set at 55.5p (54.6p in 2024/25) and the small business rate multiplier was set at 49.9p (49.9p in 2024/25). The total rateable value at the end of March 2026 was £450.4m (£451.9m on 31 March 2025).

The total business rates income is based on the 2025/26 estimated collection and the 2024/25 deficit. However, as this is determined before the end of 2024/25 an adjustment is required in 2025/26 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 2025/26 the NDR collection fund reported an in-year deficit of £11.2m.

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

SECTION – 6

PENSION FUND ACCOUNTS AND NOTES

FUND ACCOUNT

*Restated 2024/25 £'000	Fund Account	2025/26 £'000	Note
	Dealing with members, employers and others directly involved in the fund:		
62,267	Contributions	67,737	*7*
16,667	Transfers in from other pension funds	16,372	*8*
78,934	**Sub-Total**	**84,109**	
(76,777)	Benefits	(78,843)	*9*
(11,287)	Payments to and on account of leavers	(12,352)	*10*
(88,064)	**Sub-Total**	**(91,195)**	
(9,130)	**Net additions/(withdrawals) from dealing with members**	**(7,086)**	
(10,397)	Management expenses	(10,689)	*11*
(19,527)	**Net additions/(withdrawals) including fund management expenses**	**(17,775)**	
	Returns on investments:		
75,091	Investment Income	53,723	*12*
(64,606)	Profit and loss on disposal of investments and changes in the market value of investments	103,840	*14a*
10,485	**Net return on investments**	**157,563**	
(9,042)	**Net increase/(decrease) in the net assets available for benefits during the year**	**139,788**	
1,799,590	Opening net assets of the scheme	1,790,548	
1,790,548	**Closing net assets of the scheme**	**1,930,336**	

NET ASSETS STATEMENT

31-March-2025 Restated * £'000	Net Assets Statement	31-March-2026 £'000	Note
1,762,647	Investment assets	1,828,197	*14b*
-	Investment liabilities	-	*14b*
1,762,647	**Total Investment Assets**	**1,828,197**	
31,439	Current Assets	112,779	*20*
(3,538)	Current Liabilities	(10,640)	*21*
1,790,548	**Net assets of the fund available to fund benefits at the period end**	**1,930,336**	

*The opening balances as at 1 April 2025 have been restated to reflect adjustments identified following additional assurance work undertaken in respect of the prior year financial statements. These adjustments primarily relate to current asset and current liability balances. The restatement has been made to ensure that the financial statements are presented on a consistent and reliable basis. Further details are included 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 2025/26 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.

Notes to the Pension Fund (continued)

PEN - 1: Description of the Fund (continued)

There are 34 employer organisations with active membership within the Fund including Lambeth Council itself as set out in the following table.

31-March-2025	Lambeth Pension Fund	31-March-2026
30	**Number of employers with active members**	34
	Number of employees in scheme:	
4,746	Lambeth Council	4,759
525	Other employers	512
5,271	**Total**	**5,271**
	Number of deferred pensioners:	
7,483	Lambeth Council	8,952
470	Other employers	153
7,953	**Total**	**9,105**
	Number of pensioners:	
8,789	Lambeth Council	7,311
120	Other employers	492
8,909	**Total**	**7,803**
22,133	**Total number of members in pension scheme**	**22,179**

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 2026. Employee contributions are matched by employers' contributions that are set based on triennial actuarial funding valuations. Employer contribution rates for 2025/26 were set as part of the 2025 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.

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.lgpslambeth.org/resources/a-brief-guide-to-the-lgps-for-employees/

PEN - 2: Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2025/26 financial year and its position as at 31 March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ("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 2025/26. 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 2025/26 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.

<u>Fund Account – expense items</u>

d. *Benefits payable*

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

e. *Taxation*

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

f. *Management expenses*

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

Administrative expenses

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

Oversight and governance costs

Oversight and governance expenses include costs relating to the selection, appointment and monitoring of external fund managers, investment advisory services, any costs of compliance to 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 is a shareholder of the London LGPS CIV Ltd, the FCA regulated asset pool that manages the LGPS assets of the London Boroughs, City of London and Buckinghamshire Council. The value of these shares is carried at cost which equates to £220,312.

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 note 23.

PEN - 4: Critical Judgements in Applying Accounting Policies

There were no critical judgements in 2025-26 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 2026 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 2026 are valued at £64.9m (2025: £41.5m).	The total (called) private equity investment in the financial statements is £64.9m (2025: £41.5m). There is a risk that this investment may be under or overstated in the accounts by up to £17m (2025: £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 unitised pooled property funds that are classified within the financial statements as level 3 investments and managed by Invesco (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 the opening balances of these accounts to reflect the impairment. As at 31 March 2026 pooled property investments are valued at £62.6m (2025: £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 £8.1m, on carrying values of £62.6m.
Private debt funds	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 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	Due to the risk and sensitivities involved in the valuation of the private debt funds, it is estimated that the current valuation of £144.9m may be over or understated in the accounts by approximately 10.5%, or £15.2m.

PEN - 6: Events after the Reporting Date

In early 2026, the Fund committed a total of £77.5 million to UK venture capital investments. These commitments were approved by the Pensions Committee in February and March 2026 and comprise £7.5 million to Antler UK II LP, £50.0 million to Schroders Capital UK Innovation LTAF, and £20.0 million to the British Co-Investment Fund LP. The agreement in respect of the British Co-Investment Fund LP was finalised prior to 31 March 2026. The remaining commitments were completed after the year end during the second quarter of 2026. In April 2026, the Pension Schemes Act 2026 received Royal Assent. The Act introduces a range of reforms to the governance and regulation of pension schemes, including those relevant to the Local Government Pension Scheme. The Fund is currently assessing the implications of these changes and will reflect any required updates in its governance and reporting arrangements in future financial statements.

PEN - 7: Contributions Receivable

2024/25 £'000	Category	2025/26 £'000
13,935	Employees	17,162
	Employers:	
48,332	Normal contributions	50,575
-	Deficit recovery contributions	-
48,332	Total employer contributions	50,575
62,267	**Total contributions**	**67,737**

2024/25 - Restated Restated £'000	Type of employer	2025/26 £'000
57,381	Administering authority	62,543
4,339	Scheduled bodies	4,716
547	Admitted bodies	478
62,267	**Total**	**67,737**

PEN - 8: Transfers in from Other Pension Funds

2024/25 £'000	Category	2025/26 £'000
16,667	Individual transfer	16,372
16,667	**Total**	**16,372**

PEN - 9: Benefits Payable

2024/25	Category	2025/26
£'000		£'000
64,064	Pensions	66,039
11,104	Commutation and lump sum retirement benefits	11,113
1,609	Lump sum death benefits	1,691
76,777	**Total**	**78,843**

2024/25	Authority	2025/26
£'000		£'000
76,436	Administering authority	77,245
164	Scheduled bodies	1,057
177	Admitted bodies	541
76,777	**Total**	**78,843**

PEN - 10: Payments to and on Account of Leavers

2024/25		2025/26
£'000		£'000
271	Refund to members leaving service	315
11,016	Individual transfers	12,037
11,287	**Total**	**12,352**

PEN - 11: Management Expenses

2024/25	Category	2025/26
£'000		£'000
2,128	Administrative costs	2,281
7,860	Investment management expenses	7,383
409	Oversight and governance costs	1,025
10,397	**Total**	**10,689**

In 2025/26 the Fund paid £2.1m in staffing costs (2024/25: £1.4m). 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 £77k (2024/25: £54k) which were paid in the year, but which relate to prior year external audits.

PEN - 11a: Investment Management Expenses

2025/26	Total	Management fees	Transaction costs
	£'000	£'000	£'000
Fixed interest securities	210	214	(4)
Pooled bond investments	100	100	-
Pooled equity investments	3,389	3,162	227
Pooled property investments	604	604	-
Private equity	384	384	-
Multi Asset Credit	1,503	1,503	-
Private Debt	1,193	1,193	-
			-
Subtotal	**7,383**	**7,160**	**223**
Custody Costs	-	-	-
Total	**7,383**	**7,160**	**223**

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**	**7,783**	**77**

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

2024/25 £'000		2025/26 £'000
5	Fixed interest securities	3
	Pooled investment vehicles	
941	Bonds	4,211
9,763	Private equity income	5,324
5,028	Pooled property investments	3,866
7,834	Equity dividends	7,994
13,320	MAC Fund	13,781
37,344	Private Debt	18,422
849	Interest on cash deposits	103
7	Other	19
75,091	**Total**	**53,723**

PEN - 13: External Audit Costs

2024/25 £'000		2025/26 £'000
134	Payable in respect of external audit	234
134	**Total**	**234**

The audit fee payable for 2025/26 of £234k (2024/25: £134k) includes the £77k (2024/25: £80k) base scale fee as set by Public Sector Audit Appointments (PSAA) but not yet paid by the Fund, and £157k (2024/25: £54k) for fees relating to prior years paid in 2025/26.

PEN - 14: Investments Assets

2024/25 £'000		2025/26 £'000
	Fixed interest securities:	
216,202	Bonds	**222,148**
216,202	**Fixed interest securities subtotal**	**222,148**
	Pooled investments:	
82,990	Bonds	82,394
773,601	Equities	884,702
160,404	Pooled property investments	62,648
1,000	Money market fund	1,000
41,546	Private equity	64,922
346,276	Multi Asset Credit	364,053
140,445	Private Debt	144,853
1,546,262	**Pooled investments subtotal**	**1,604,572**
150	London CIV	220
33	Cash Instruments	1,257
183	**Subtotal**	**1,477**
1,762,647	**Total Investment assets**	**1,828,197**

PEN - 14a: Reconciliation of Movements in Investments

	Market value 01-April-2025	Purchases during the year	Transfers In	Sales during the year	Change in cash	Change in market value	Market value 31-March-2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed interest securities	216,202	16,510	-	(17,946)	-	7,382	**222,148**
Pooled investments:							
Bonds	82,990	-	-	(100)	-	(496)	**82,394**
Equities	773,601	7,940	-	(3,389)	-	106,550	**884,702**
Pooled property investments	160,404	8,421	-	(102,862)	-	(3,315)	**62,648**
Money market fund	1,000	-	-	-	-	-	**1,000**
Private equity	41,546	24,127	-	(383)	-	(368)	**64,922**
Multi Asset Credit	346,276	13,781	-	(1,503)	-	5,499	**364,053**
Private Debt	140,445	18,054	-	(3,723)	-	(9,923)	**144,853**
London CIV	150	70	-	-	-	-	**220**
Cash Instruments	33	-	1,267	(1)	(42)	-	**1,257**
Subtotal	**1,762,647**	**88,903**	**1,267**	**(129,907)**	**(42)**	**105,329**	**1,828,197**
Unrealised currency gain/(loss)	1,297	-	-	-	-	(1,489)	**(192)**
Prior Year Adjustments	(4,301)	-	-	-	-	-	**(4,301)**
Total	**1,759,643**	**88,903**	**1,267**	**(129,907)**	**(42)**	**103,840**	**1,823,704**

	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**
Prior Year Adjustments	-	-	-	-	-	(4,301)	**(4,301)**
Total	**1,738,013**	**169,976**	**43**	**(83,799)**	**16**	**(64,606)**	**1,759,643**

PEN - 14b: Investments Analysed by Fund Manager

Market Value 31-March-2025 £'000	% of Fund		Market Value 31-March-2026 £'000	% of Fund
		Fixed interest securities:		
216,235	12.3	Insight - LDI	223,405	12.2
82,990	4.7	London CIV – B&M Credit Fund	82,394	4.5
309,797	17.6	London CIV - BG Global Equity	337,833	18.5
116,968	6.6	London CIV - JP Morgan - Emerging Market	159,285	8.7
346,836	19.7	London CIV – RBC - Global Equity	387,584	21.2
192,632	10.9	London CIV – CQS/PIMCO - Multi-Asset Credit	204,028	11.2
153,644	8.7	M&G - Multi-Asset Credit	160,025	8.8
58,367	3.3	Churchill Asset Management - Private Debt	55,189	3.0
82,078	4.7	Permira - Private Debt	89,664	4.9
41,546	2.4	Adams Street - Private Equity	64,922	3.6
138,828	7.9	Invesco - Property	31,871	1.7
21,576	1.2	LCIV UK Housing Fund	30,777	1.7
1,000	0.1	Insight MMF (Money Market Fund)	1,000	0.1
150	0.0	London CIV - LCIV	220	0.0
1,762,647	**100**	**Total**	**1,828,197**	**100**

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

Market Value 31-March-2025 £'000	*Restated % of Fund		Market Value 31-March-2026 £'000	% of Fund
138,828	7.9	Invesco	-	-
309,797	17.6	London CIV - BG Global Equity	337,833	18.5
116,968	6.6	London CIV - JP Morgan	159,285	8.7
192,632	10.9	London CIV - MAC	204,028	11.2
216,234	12.3	Insight - LDI	223,406	12.2
346,836	19.7	London CIV - RBC	387,584	21.2
153,644	8.7	M&G	160,025	8.8

*2024/25 comparators - percentage split correction

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, 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, or by variances between audited and unaudited accounts.

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 2026.

	Valuation range	Value at 31-March-2026	Value on increase	Value on decrease
	(+/-)	£'000	£'000	£'000
Pooled investments – Property Funds	13.0%	62,648	70,792	54,504
Pooled investments – Private Debt	10.5%	144,853	160,063	129,643
London CIV *	0.0%	220	220	220
Private equity	26.2%	64,922	81,930	47,912
Total		**272,643**	**313,005**	**232,279**

*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-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.

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-2026	**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				
Bonds	222,148	-	-	**222,148**
Pooled investment - Bonds	-	82,394	-	**82,394**
Equities	884,702	-	-	**884,702**
Multi asset credit	364,053	-	-	**364,053**
Pooled property investments	-	-	62,648	**62,648**
Money market fund	1,000	-	-	**1,000**
Private equity	-	-	64,922	**64,922**
Private debt	-	-	144,853	**144,853**
London CIV	-	-	220	**220**
Cash deposits	1,257	-	-	**1,257**
Total	**1,473,160**	**82,394**	**272,643**	**1,828,197**

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

	Market value 01-April-2025	Purchases	Sales	Unrealised gain (loss)	Market value 31-March-2026
	£'000	£'000	£'000	£'000	£'000
Private equity	41,546	24,127	(383)	(368)	**64,922**
Pooled property investments	160,404	8,421	(102,862)	(3,315)	**62,648**
Private Debt	140,445	18,054	(3,723)	(9,923)	**144,853**
London CIV	150	70	-	-	**220**
	342,545	**50,672**	**(106,968)**	**(13,606)**	**272,643**

	Market value 01-April-2024	Purchases	Sales	Unrealised gain (loss)	Market value 31-March-2025
	£'000	£'000	£'000	£'000	£'000
Hedge Fund of Funds	-	-	-	-	**-**
Private equity	54,694	119	(252)	(13,015)	**41,546**
Pooled property investments	149,556	21,997	(1,583)	(9,566)	**160,404**
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**

PEN - 16a: Classification of Financial Instruments

	2024/25				2025/26			
	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	216,202	-	-	216,202	222,148	-	-	222,148
Pooled investments:								
Bonds	82,990	-	-	82,990	82,394	-	-	82,394
Equities	773,601	-	-	773,601	884,702	-	-	884,702
Pooled property investments	160,404	-	-	160,404	62,648	-	-	62,648
Money market fund	1,000	-	-	1,000	1,000	-	-	1,000
Private equity	41,546	-	-	41,546	64,922	-	-	64,922
Multi Asset Credit	346,276	-	-	346,276	364,053	-	-	364,053
Private Debt	140,445	-	-	140,445	144,853	-	-	144,853
London CIV	150	-	-	150	220	-	-	220
Cash instruments	33	-	-	33	1,257	-	-	1,257
Debtors	-	-	-	-	-	4,358	-	4,358
Cash and cash equivalents	-	31,439	-	31,439	-	108,421	-	108,421
Financial assets total	**1,762,647**	**31,439**	**-**	**1,794,086**	**1,828,197**	**112,779**	**-**	**1,940,976**
Financial liabilities								
Creditors	-	-	(3,358)	(3,358)	-	-	(10,640)	(10,640)
Financial liabilities total	**-**	**-**	**(3,358)**	**(3,358)**	**-**	**-**	**(10,640)**	**(10,640)**
Total	**1,762,647**	**31,439**	**(3,358)**	**1,790,728**	**1,828,197**	**112,779**	**(10,640)**	**1,930,336**

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

2024/25	Investments	2025/26
£'000		£'000
	Financial Assets:	
(59,729)	Fair Value through profit and loss	105,329
	Financial Liabilities:	
(4,877)	Measured at amortised cost	(1,489)
(64,606)	**Total**	**103,840**

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 2025/26 reporting period. The potential price changes disclosed below are broadly consistent with a one-standard deviation movement in the value of the assets.

Asset Type	Potential market movement 2024/25 %	Potential market movement 2025/26 %
Bonds - LDI	15.8	15.8
Emerging Market Equities	20.9	20.9
Sustainable Equities	19.2	19.2
Private Debt	10.5	10.5
Global Equities	19.2	19.2
Pooled Property Investments	13.0	13.0
Private Equity	26.2	26.2
Multi Asset Credit	9.6	9.6
Corporate Bonds	7.1	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 on the following page):

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

Change in the net assets

Asset Type	Values at 31-March-2026	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Corporate Bonds	82,394	5,850	88,244	76,544
Bonds- LDI	222,148	35,099	257,247	187,049
Global Equities	725,417	139,280	864,697	586,137
Emerging Markets Equity	159,285	33,291	192,576	125,994
Multi Asset Credit	364,053	34,949	399,002	329,104
Private Debt	144,853	15,210	160,063	129,643
Private Equity	64,922	17,010	81,932	47,912
Property	62,648	8,144	70,792	54,504
Money Market Fund	1,000	-	1,000	1,000
London CIV	220	-	220	220
Cash	1,257	-	1,257	1,257
Total	**1,828,197**	**288,833**	**2,117,030**	**1,539,364**

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**

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 2026 and 31 March 2025 is set out in the table opposite. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk – sensitivity analysis

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

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

Assets exposed to interest rate risk	**Values at 31-March-2026**	**Potential market movement (+/-)**	**Value on increase**	**Value on decrease**
	£'000	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	108,421	-	108,421	108,421
Fixed interest securities	222,148	2,221	224,369	219,927
Total	**330,569**	**2,221**	**332,790**	**328,348**

Assets exposed to interest rate risk	***Restated 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**

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

Income exposed to interest rate risk	Amount Receivable 2025/26	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash and cash equivalents	103	2	105	101
Fixed interest securities	3	-	3	3
Total	**106**	**2**	**108**	**104**

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**

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-2026	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Overseas unquoted securities	64,922	6,492	71,414	58,430
Overseas unit trusts	-	-	-	-
Total	**64,922**	**6,492**	**71,414**	**58,430**

Assets exposed to interest rate 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**

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 2026 £108.4m (2025: £29.4m). This was held with the following institutions.

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

Assets exposed to interest rate risk	Rating	31-March-2025	31-March-2026
		£'000	£'000
Money Market Funds:			
Northern Trust - Liquidity Fund	AAA	12	-
Bank Deposits and Current Account:			
Royal Bank of Scotland	A+	29,405	108,406
Total		**29,417**	**108,406**

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 2026 the value of liquid assets was £1,555.5 m (2025: £1,452.3m), which represented 85.1% (2025: 80.66%) 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 2026 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 2025 and the next valuation is due to take place as at 31 March 2028.

The funding policy for the Fund is set out in the Funding Strategy Statement (FSS), last updated in April 2026. 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 Fund will engage with employers when developing funding strategy in a way which balances the risk

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 2025 valuation the Fund was assessed as 120% (2022: 96% funded) with assets valued at £1,800m (2022: £1,842m) and liabilities at £1,504m (2022: £1,920m), representing a surplus /(deficit) of £297m (2022: £79m).

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 2022 to 31 March 2025 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.

		31-Mar-2022		31-Mar-2025
Primary Rate		20.7%		22.1%
Secondary Rate		**£'000**		**£'000**
	2023/24	7,027	2026/27	(2,428)
	2024/25	7,168	2027/28	(4,549)
	2025/26	6,917	2028/29	(6,694)

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-2022	31-Mar-2025
Financial Assumptions:		
Discount rate	3.1%	5.5%
Salary increase rate	2.8%	2.8%
Benefit increase (CPI)	2.3%	2.3%
Life Expectancy at 65:		
Current pensioners		
Males	21.2	21.3
Females	24.0	24.2
Future pensioners (assumed to be aged 45 at valuation date)		
Males	22.7	22.8
Females	25.6	25.5

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-2025	31-March-2026
Present value of promised retirement benefits	(1,501)	(1,593)
Fair value of scheme assets	1,763	1,828
Net asset/(liability)	262	235

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 2026 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 £47m (2025: £267m). The impact of the change in demographic assumptions is a decrease in the actuarial present value of £31m (2025: £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_2025 model, with core parameterisation, standard smoothing (Sk7), and an initial addition to mortality improvements, 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-2025	31-March-2026
Financial Assumptions:		
Discount rate	5.8%	6.2%
Salary increase rate	3.3%	3.5%
Benefit increase (CPI)	2.8%	3.0%
Life Expectancy at 65:		
Current pensioners		
Males	21.0	21.5
Females	23.8	24.3
Future pensioners (assumed to be aged 45 at valuation date)		
Males	22.3	22.9
Females	25.3	25.6

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-2025		31-March-2026
£'000		£'000
-	Sundry debtors	4,358
31,439	Cash balances	108,421
31,439	**Total**	**112,779**

PEN - 21: Current Liabilities

*Restated 31-March-2025		31-March-2026
£'000		£'000
(3,538)	Sundry creditors	(10,640)
(3,538)	**Total**	**(10,640)**

PEN - 22: Related Party Transactions

The London Borough of Lambeth, as the administering authority, is a related party to the Pension Fund. During the year, the Fund had various transactions with the Council in respect of contributions, benefits and administrative services.

During the reporting period, the Council incurred costs of £2.42m (2024/25 £2.14m) in relation to the administration of the fund and these costs were recharged to the Fund. Additionally, a balance of £6.6m was recognised within current liabilities in respect of amounts due to the Council. This balance is subject to ongoing review as part of the Fund’s year-end processes.

The Council is also the single largest employer of members of the pension fund and contributed £46.39m to the Fund in 2025/26 (2024/25: £44.48m).

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 £220,312, 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 2026 totalled £1,202m (2025: £1,071.1m). During the year the Fund made purchases or investments into the LCIV of £30.1m (2024/25: £149.9m) and redemptions or sales from the LCIV of £4.28m (2024/25: £133.8m). The Fund paid the LCIV £4.08m (2024/25: £4.1m) in investment management expenses.

PEN - 23: Contingencies and Commitments

As at 31 March 2026 the total investment commitments made to private market funds was £518.49 (2025: £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 2026, the outstanding undrawn commitments totalled £146.25 (2025: £79.97m). 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	195,509	79,181
Permira	Credit Solutions V	85,000	14,739
Churchill	Middle Market Senior Loan Fund IV	52,320	5,645
London CIV	UK Housing Fund	50,000	19,688
Permira	Credit Solutions IV	45,000	5,938
Invesco	UK Residential Fund	42,000	-
Churchill	Middle Market Senior Loan Fund II	28,663	1,061
Future Planet Capital	British Co-Investment Fund LP	20,000	20,000
Total		**518,492**	**146,252**

PEN - 24: Key Management Personnel Remuneration

Restated 2024/25 £'000		2025/26 £'000
189	Short-term benefits	280
(42)	Post-employment benefits	111
147	**Total**	**391**

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.

PEN - 25: Prior Year Adjustments

The Fund has restated its comparative figures and opening balances as at 1 April 2025 following the resolution of uncertainties identified during the audit of the prior year financial statements. These uncertainties primarily related to the completeness and accuracy of current asset and current liability balances. As a result of additional assurance work undertaken during 2025/26, adjustments have been identified in respect of prior period balances. These adjustments primarily relate to the recognition, classification and valuation of balances within current assets and current liabilities.

The net impact of these adjustments amounts to a £4.3 million reduction in the net assets of the Fund during the year ended 31 March 2025, reflecting the correction of prior period misstatements arising from historical balances. These adjustments mainly relate to:

- Reclassification of a £2m bank overdraft at 31 March 2025 from cash to current liabilities approximately.
- Write off of historical balances incorrectly classified as cash. These relate to prior year payments that were not accrued for that amount to approximately £5.3m.
- Write off of cumulative historical creditor balances approximately £1m.

This reduction is reflected within “profit and loss on disposal of investments and changes in the market value of investments” in the Fund Account and results in a corresponding decrease in the net assets of the Fund at 31 March 2026.
The restatement ensures that the financial statements are presented on a consistent and reliable basis. The detailed impact on both the Net Assets Statement and the Fund Account is set out below.

Effect on Net Assets Statement 1 April 2025	31 March 2025 Balance as Previously Stated	Impact of Prior Period Adjustments	31 March 2025 Balance Restated
	£'000	£'000	£'000
Investment Assets (note 14)	1,762,647	-	1,762,647
Investment Liabilities	-	-	-
Total Investment Assets	**1,762,647**	**-**	**1,762,647**
Current Assets (note 20)	33,549	(2,110)	31,439
Current Liabilities (note 21)	(1,347)	(2,191)	(3,538)
Net assets of the fund available to fund benefits at the period end	**1,794,849**	**(4,301)**	**1,790,548**

PEN - 25: Prior Year Adjustments

Fund Account	31 March 2025 Balance as Previously Stated	Impact of Prior Period Adjustments	31 March 2025 Balance Restated
	£'000	£'000	£'000
Dealing with members, employers and others directly involved in the fund:			
Contributions (note 7)	62,267	-	62,267
Transfers in from other pension funds (note 8)	16,667	-	16,667
Sub Total	**78,934**	**-**	**78,934**
Benefits (note 9)	(76,777)	-	(76,777)
Payments to and on account of leavers (note 10)	(11,287)	-	(11,287)
Sub Total	**(88,064)**	**-**	**(88,064)**
Net additions/(withdrawals) from dealing with members	**(9,130)**	**-**	**(9,130)**
Management expenses (note 11)	(10,397)	-	(10,397)
Net additions/(withdrawals) from dealing with members	**(19,527)**	**-**	**(19,527)**
Returns on investments:			
Investment Income (note 12)	75,091	-	75,091
Profit and loss on disposal of investments and changes in the market value of investments (note 14a)	(60,305)	(4,301)	(64,606)
Net return on investments	**14,786**	**(4,301)**	**10,485**
Net increase/(decrease) in the net assets available for benefits during the year	**(4,741)**	**(4,301)**	**(9,042)**
Opening net assets of the scheme	1,799,590	-	1,799,590
Closing net assets of the scheme	**1,794,849**	**(4,301)**	**1,790,548**

SECTION – 7

ANNUAL GOVERNANCE STATEMENT

ANNUAL GOVERNANCE STATEMENT 2025/26

Executive Summary

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must ensure that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. To support this, the Council maintains a governance framework that promotes transparent decision making, effective risk management and clear accountability.

Operating Environment

In setting out this statement, it is important to reflect on the wider context within which Lambeth Council operates and delivers services. The Council continues to operate in a challenging local government environment, with sustained financial pressures driven by increasing demand and constrained funding. These pressures continue to place significant strain on service budgets across the sector, with a number of Councils requiring direct intervention from the Ministry of Housing, Communities and Local Government or seeking Exceptional Financial Support.

In Lambeth, these pressures are most evident in high-demand services such as temporary accommodation and social care, where increasing demand is stretching the availability of resources, including properties and placements, and contributing to significant financial pressures within the Council's General Fund. In addition, there is continued recognition across the sector that the self-financing model for Housing Revenue Accounts presents ongoing sustainability challenges.

Progress with Addressing Issues and Challenges from 2024/25

The Council has reviewed progress against the significant governance issues and challenges identified in the 2024/25 Annual Governance Statement. These are set out in Appendix 1, which provides an update on progress made during 2025/26.

The Council has made progress in a number of areas, including strengthening financial monitoring, progressing the response to external audit statutory recommendations, improving oversight of internal audit actions, and taking further steps to manage pressures in housing, temporary accommodation and adult social care. However, many of the challenges identified in 2024/25 remain ongoing and continue to require sustained focus.

These include financial sustainability, demand and cost pressures in key services, compliance with core financial and governance controls, housing disrepair and court order compliance, and the timely implementation of agreed audit actions. In our assessment of 2025/26 and going forward, we have focussed on these specific governance issues and challenges. See Appendix 1 for further detail.

Key Challenges for 2026/27

Our key challenges for 2026/27 relate to achieving financial sustainability, strengthening the consistent application of internal controls, and addressing the underlying drivers of demand in social care, housing and temporary accommodation.

The Council will continue to focus on delivering the actions arising from external audit statutory recommendations, internal audit findings, peer reviews and regulatory reports. There will also be a continued emphasis on improving financial discipline, strengthening governance and control arrangements, and reporting progress transparently through the Audit and Risk Committee.

Conclusion

Overall, the Council has established governance, risk management and control arrangements which are operating in most areas. The Internal Audit Annual Opinion for 2025/26 provides Reasonable Assurance, while recognising that control effectiveness is not yet consistent across all services, particularly in demand-led and operationally complex areas. The Council will continue to monitor progress in delivering the actions identified in this statement, measuring their impact and reporting transparently through the Audit and Risk Committee.

Introduction

1.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.

2.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 Local Government Association (LGA) Corporate Peer Challenge.

3.This statement reflects the Council's ongoing review of its governance arrangements and is informed by Directorate assurance returns, statutory officer assurances, internal audit, external audit, regulatory reports and other sources of assurance.

What is Governance?

4.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 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.

5.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

6.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.

7.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 part of the constitution and the Council's governance arrangements are reviewed on an ongoing basis and informed by assurance from statutory officers, internal audit, external audit and Directorate management.

Operating Environment

8.The Council continues to operate in a challenging local and national environment. Local government continues to face sustained financial pressures arising from increasing demand, constrained funding and inflationary pressures. These factors continue to place significant pressure on service budgets, financial resilience and the ability of Councils to deliver balanced budgets while maintaining statutory and valued local services.

9.In Lambeth, these pressures are felt most acutely in demand led areas in particular temporary accommodation and also social care which have seen demand increases which stretch the availability of resources like properties and placements and have driven significant overspends in the Council's General Fund. The Council is in receipt of Exceptional Financial Support in relation to the General Fund and is working on the plan to restore financial sustainability through a significant savings and transformation programme and asset disposals.

Review of Effectiveness

10.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

11.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 Assurance Board 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 Human Resources and Organisational Development and the Assistant Director for Audit, Risk and Assurance. 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 now the Risk and Audit Committee which includes responsibility for oversight of the Council's governance, risk management and internal control arrangements.
- The continuation of a questionnaire implemented last year to be completed by all Directors and Corporate Directors who provide assurance on the governance arrangements operating in their specific areas and across the wider Council.

12.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

13.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.

14.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.

15.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 that he has been advised of the implications of the review by the Monitoring Officer and Section 151 Officer and is satisfied that the actions outlined in this Statement provide an appropriate basis for maintaining and strengthening the Council's governance arrangements.

Assurance Statement from the Council's Chief finance Officer

16.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.

17.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 prudency of decision making and the administration of financial affairs, in accordance with Section 151 of the Local Government Act 1972.

18.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

19. I became the Council's Chief Finance Officer on 2 December 2024. This assurance statement reflects my assessment of the Council's financial governance arrangements during 2025/26, including the action taken during the year to respond to the Council's financial position, Exceptional Financial Support for both the HRA and General Fund, the external auditor's statutory recommendations and the need to strengthen financial resilience.

Assessment

20.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.

21.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.

22.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, now the Audit and Risk Committee which undertakes the Council's audit committee functions.

23.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 the Corporate Leadership Team and is involved in all significant resource decisions and in particular key decisions of the authority.

24.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. This is reflected in the need to apply for Exceptional Financial Support (EFS) for the financial years 2024-25, 2025-26 and 2026-27.

25.The delivery of the Budget 2026-27, within its resource envelope, including the agreed savings of £46m, which was approved by Council in March 2026, is critical to the financial stability and resilience of the Council. My Assurance Statement, as required by Section 25 of the Local Government Act 2003, presented to Council in March 2026, provides a full assessment of my opinion on the robustness of budget estimates and the adequacy of reserves. The level of reserves had reduced substantially in recent years as the Council has responded to significant financial challenges arising from service demand pressures and structural underfunding. The application of EFS to restore reserves to the recommended level enabled the Council's financial resilience to be established at an earlier opportunity than would have otherwise been the case. This was agreed on the basis that the cost of the EFS will be funded by asset disposals in line with the Council's agreed Strategic Asset Management Framework.

26.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 continue to be reviewed and strengthened, particularly in relation to savings delivery tracking and reporting.

27.The Council has prepared financial statements for all financial years and has worked to meet the national backstop dates set by Government. The 2025/26 draft Accounts have been prepared for publication and public inspection alongside this Annual Governance Statement.

28.As part of their audit of the 2023/24 financial year, the Council's external auditors issued statutory recommendations under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014. These recommendations were considered and responded to by the Council in March 2025. During 2025-26, the Council continued to implement the agreed action plan, with progress reported to every Corporate Committee and subsequently the Audit and Risk Committee. The recommendations remain a key area of focus, particularly in relation to financial sustainability, reserves, the Medium-Term Financial Strategy and matters associated with Homes for Lambeth.

29.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)

30.In response I instigated a series of actions to address the 5 recommendations and have reported progress on these to the Council's Audit and Risk Committee. The actions include strengthened spending controls, independent assurance of savings delivery, 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, the balance sheet and further strengthening the development of the medium term financial strategy. A number of actions have been completed and formally closed by agreement from the Audit and Risk Committee.

31.The strategic capacity of finance is being developed further with the permanent recruitment of the Director of Finance role and the first phase of the planned restructure of the finance service to ensure skills/capacity are at the right levels has been undertaken with the main proposals coming forward in the autumn. Work is continuing to optimise the efficiency/effective of financial systems/processes and promoting a financial management culture which balances clear accountability with innovation, including a Council wide optimisation programme of the core financial system.

Conclusion

32.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 act in accordance with the budgetary and policy requirements in connection with the setting of the budget and meet 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.

CIPFA Financial Management Code

33.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

34.Officers in Finance have undertaken an assessment of the extent of compliance with the requirements of the Code. The Council's arrangements broadly follow the recommended practice, and an external review of the assessment is being commission as part of the continued work to strengthen financial resilience, forecasting, reporting and consistency of financial control.

Assurance Statement from the Monitoring Officer

35.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.

36.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, Audit and Risk Committee, and the Chief Executive's Corporate Leadership Team meetings, will seek to assist the Senior Responsible Officers to deliver the Action Plan referred to at Appendix 3 to this Annual Governance Statement. Of particular concern is the ongoing challenge to deliver financial stability to the Council. In addition, progress made to deal with breaches of court orders in relation to housing disrepair cases is noted, but there is still work to be done. Lessons learnt from the 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 will remain a part of decision making going forward.

37.Save for an increase in the number of complaints received, there have been no significant governance issues in relation to Member code of conduct and complaints for 2025/26. 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

38.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.

39.Internal Audit has delivered a programme of activity covering the Council's governance, risk management and internal control arrangements to support an annual opinion. Based on the work undertaken during 2025/26, including work concluded in-year and work commenced in-year that was substantially complete at year-end, and taking account of other relevant assurance, Internal Audit has provided a Reasonable Assurance opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control arrangements.

40.This opinion reflects that the Council has established core governance, financial management and control arrangements, and that these arrangements are operating sufficiently to support overall organisational effectiveness. However, control effectiveness is not yet consistent across all areas, particularly in a number of demand-led and operationally complex services.

41.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.

Key messages from Internal Audit

- The Council has established governance, risk management and control arrangements, supported by effective corporate frameworks. Internal Audit's work during 2025/26 identified a mixed assurance picture, with stronger assurance over key elements of the Council's corporate governance and financial framework, including financial planning, savings governance and key corporate control areas.
- However, a number of limited assurance outcomes were identified in high-risk service areas, particularly those subject to sustained demand pressures, operational complexity and reliance on consistent application of processes and controls. These findings reinforce the need to continue improving consistency of control operation across all services
- Implementation of agreed audit actions improved significantly during 2025/26, with stronger management response and oversight. Continued focus is required to ensure that improvements are embedded and sustained.

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, increase the importance of strong financial governance, effective management oversight and consistent application of internal controls.

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 2024/25 and 2025/26 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 2024/25

42.The Council has reflected on the significant governance issues and challenges identified in the 2024/25 Annual Governance Statement and summarised the progress made during 2025/26. This is set out at Appendix 1.

43.In summary, progress has been made in a number of areas, including financial monitoring, delivery of actions in response to external audit statutory recommendations, strengthened oversight of internal audit actions, and management of demand pressures in adult social care, housing and temporary accommodation. However, many of the issues identified remain ongoing and require continued focus during 2026/27.

Strengths, Issues and Challenges Identified for 2025/26 and Beyond

44.Taking all of the above into consideration, the Council has assessed its governance arrangements against the seven principles of good governance. This assessment is shown at Appendix 2.

45.In summary, the Council has established governance, risk management and internal control arrangements which provide a sound framework for oversight and accountability. However, the assessment highlights that further work is required to ensure these arrangements are applied consistently across all services, particularly in operationally complex and demand-led areas.

46.The key challenges going into 2026/27 relate to financial sustainability, delivery of external audit statutory recommendations, improving consistency of internal control, managing demand pressures in social care, housing and temporary accommodation, and ensuring that actions arising from internal audit, external audit, peer reviews and regulatory reports are implemented and embedded.

47.An action plan has been prepared to ensure clear accountability. Progress will be monitored by the Assurance Board and reported to the Audit and Risk Committee. The action plan is shown at Appendix 3.

Conclusion

48.The Council continues to operate in a challenging environment. Local government faces sustained financial pressures, while demand for temporary accommodation, housing and social care continues to place significant pressure on resources and service delivery. The issues identified in the 2024/25 Annual Governance Statement have been reviewed and, while progress has been made, a number remain ongoing and require continued focus.

49.Going into 2026/27, the Council will maintain a strong focus on delivering a balanced budget, maintaining valued services and continuing to address the statutory recommendations made by external audit. The Council will also continue to manage and mitigate demand pressures in social care, housing and temporary accommodation through preventative interventions, effective commissioning and improved use of resources.

50.Overall, the Council has established governance, risk management and control arrangements which are operating in most areas. The Internal Audit Annual Opinion for 2025/26 provides Reasonable Assurance, while recognising that control effectiveness is not yet consistent across all services and that further improvement is required in some high-risk areas. The Council will monitor progress in delivering the actions identified in this statement, measuring their impact and reporting transparently through the Audit and Risk Committee.

ANNUAL GOVERNANCE STATEMENT 2025/26 (continued)

APPENDIX 1 - 2024/25 Annual Governance Statement Action Plan Update

Issue/Challenge from 2024/25 AGS	Progress Update	Status
Issue/Challenge **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. **Activity** 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. Savings delivery is being closely monitored through systems (In-Phase) which track individual savings activity, weekly savings delivery group meetings, reporting to Corporate Leadership Team, Cabinet Members and Cabinet. Budgets are monitored closely and budget challenge sessions are held regularly to test assumptions, management actions and to challenge overspending. **Senior Responsible Officer(s)** All Corporate Directors **Target Date** On going to 31 March 2026	The Q3 report to Cabinet shows a further reduction in our forecast overspend since Q2. This includes reductions in two of the three major pressure areas of temporary accommodation costs and Adult Social Care. The report also sets out the mitigating actions that has and continues to be taken to reduce spend. A deep dive into the former Residents Experience Directorate (RES)directorate has however revealed significant pressures for which work is underway to mitigate as far as possible. As previously reported to Cabinet, the Council submitted an Exceptional Financial Support (EFS) application to improve the Council's reserves position, address the current year forecast overspend and assist in balancing the budget 2026/27. This application has now been approved. As part of this process MHCLG will be undertaking an external assurance review which is likely to commence in the next few months. Furthermore, it is emphasised that 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. EFS normally allows Councils to borrow or use capital receipts to fund day to day services, with conditions. The Council is looking to fund this by a planned programme of asset disposals. Any decisions on asset disposals would be subject to Cabinet approval. It remains of paramount importance that the Council continues to bear down on costs going forward. Spend controls have also been increased with approval thresholds reduced from £10,000 to £5,000. 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. **2025-26 Update** The Q4 report to Cabinet showed a further reduction in our forecast overspend since Q3. The overspend reduced from £17.1m to £15.9m. This includes reductions in the three major pressure areas of temporary accommodation costs, Adult Social Care & Children's Families & Education. In addition, a review of all savings which have not yet been delivered has been undertaken to determine if these are delayed or are no longer deliverable. Where they are no longer deliverable further savings will be required from the directorate or in exceptional circumstances some savings will be written off. Provision has been made in the 2026/27 budget for known areas of risk primarily in the former Residents Experience Directorate which are now within Growth & Environment and Resources Directorates. Despite the progress made the Council's finances remain under considerable pressure & this issue remains significant for the Council.	Ongoing and being actively managed

ANNUAL GOVERNANCE STATEMENT 2025/26 (continued)

APPENDIX 1 (continued)

Issue/Challenge from 2024/25 AGS	Progress Update	Status
Issue/Challenge **2**. In February 2025 the Council received statutory recommendations from its External Auditors. Recommendations from External Auditors. **Activity** The Council accepted the recommendations and agreed an action plan Council Response to the External Auditors Recommendations.pdf. Progress is closely monitored by senior management and the Corporate Committee. Council Response to the External Auditors Recommendations.pdf. **Senior Responsible Officer(s)** Zena Cooke, Corporate Director Resources **Target Date** On going to 31 March 2026	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 January 2026 Committee with a further update to be presented at the March Committee The statutory recommendations were issued many 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. As referenced above, the Council has recently learnt of the approval of its EFS application. £40m of the application was to rebuild reserves thereby improving the Council's financial resilience. This was a key theme of the auditor's recommendation. Notwithstanding this position and the fact that a balanced budget is proposed to Council on 4 March 2026, there remains considerable work to be done to balance the Council's finances over the medium term and work in these areas continues to drive ahead. The remainder of the EFS has been used to address historical issues in relation to bad debt provisions (estimated £16m). Fund the current year underlying overspend and address one-off pressures (£40m, of which £17.1m relates to the quarter 3 forecast, the balance in respect of a contingency relating to one-off pressures). £20m to balance the 2026-27 budget. The Committee has agreed that 10 of the recommendations can be closed as they are satisfied the actions are complete and their impact has been evidenced. **2025-26 Update** A further update was provided at the March Corporate Committee and the June Audit & Risk Committee. Twelve of the sub-recommendations are now signed off as closed by the Committee. A balanced budget was approved by the Council on 4 March 2026 for 2026/27 which included £20m of the approved Exceptional Financial Support (EFS). As referenced in the progress update, the Council received approval back in February for its EFS application. £40m of the application was to rebuild reserves thereby improving the Council's financial resilience. This was a key theme of the auditor's recommendation. There remains considerable work to be done to balance the Council's finances over the medium term and work in these areas continues to drive ahead. The remainder of the EFS has been used to address historical issues in relation to bad debt provisions (estimated £16m); fund the 2025/26 overspend and address one-off pressures (£40m, of which £15.9m relates to the quarter 4 forecast, the balance in respect of a review of provisions and a further increase to reserves); £20m to balance the 2026-27 budget. This issue will remain one to be addressed pending the VFM opinion of the External Auditor for 2025/26.	Ongoing and being actively managed

ANNUAL GOVERNANCE STATEMENT 2025/26 (continued)

APPENDIX 1 (continued)

Issue/Challenge from 2024/25 AGS	Progress Update	Status
Issue/ Challenge **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. **Activity** 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 commence preparations for the 2025/26 accounts and undertake a review of existing practices and processes. This includes an additional level of oversight to QA the accounts. **Senior Responsible Officer(s)** Zena Cooke, Corporate Director Resources **Target Date** 27 February 2026	The Council worked closely with its external auditors, Mazars, to seek to regain assurance levels on the Accounts following no external audit work and a 'backstop disclaimer opinion' for 2023/24. However, this has proved, as it has at most authorities, who received a disclaimed opinion for 2023/24, not to be possible. It is acknowledged that the Council has been particularly challenged in producing a robust set of accounts for 2024/25, with accounts being republished twice. The decision to republish was not taken lightly, but it was the view of the S151 officer that to provide transparency to residents republication was necessary. A highly experienced interim chief accountant is now in post and has developed an accounts improvement plan which is being implemented and has been reported to Corporate Committee. This includes a dedicated and highly skilled team to ensure that accurate accounts are prepared in a timely manner. We will continue to work in close cooperation with our auditors to improve the current position and the S151 officer is actively prioritising and monitoring progress in this area to rebuild assurance as quickly as possible. **2025-26 Update** The dedicated team and improvement plan put in place have helped to ensure the Council is in the position to publish a robust set of accounts for 2025/26 with all the necessary review steps in place. However, this will remain a significant issue until the Council is in a position of receiving an unqualified external audit opinion.	Ongoing and being actively managed

APPENDIX 1 (continued)

Issue/Challenge from 2024/25 AGS	Progress Update	Status
Issue/ Challenge **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. **Activity** 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. 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. **Senior Responsible Officer(s)** Zena Cooke, Corporate Director Resources Janet Sharpe, Director of Housing Operations **Target Date** On going to 31 March 2026	The Council's Housing Revenue Account has been subject to a detailed external review, and the outcome has informed the 2026/27 HRA budget. The HRA Budget Report presented to Council in March 2026 included an HRA Five Year Financial Recovery Plan which will inform the 30-year business plan. The HRA is forecasting a £10.7m underspend in 2025/26 as at Q3. This underspend arises from lower interest costs, lower overhead recharges and additional income from leaseholder charges. It assumes that the £40m of EFS allocated will be fully utilised in 2025/26 on housing disrepair costs. The Council has successfully transacted a first tranche of asset disposals to finance the temporary borrowing arising from EFS. The Council is meeting MHCLG on a quarterly basis to report progress on its financial position and recovery, with the latest meeting held in February noting the positive progress. **2025-26 Update** The HRA is reporting an £8m underspend in 2025/26 as at Q4. This underspend arises from lower interest costs, lower overhead recharges and additional income from leaseholder charges. It assumes that the £40m of EFS allocated will be fully utilised in 2025/26 on housing disrepair costs. This remains an issue for the Council pending the agreement of a robust financial recovery plan.	Ongoing and being actively managed
Issue/ Challenge **5.** In November 2024 the Council participated in a Corporate Peer Challenge Corporate Peer Challenge Final Report. 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 Corporate Peer Challenge 2025 Action Plan. Corporate Peer Challenge 2025 Action Plan. **Activity** Actions arising from the LGA peer review will be monitored by the Corporate Leadership Team. Quarterly progress update meetings are also held with MHCLG officials. **Senior Responsible Officer(s)** All Corporate Directors **Target Date** Short and Medium Term to be completed by 31 December 2025	Actions arising from the LGA Peer Review have been monitored regularly by the Corporate Leadership Team. 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. Remaining action plan actions are being captured in 2026/27 business plans to enable tracking and delivery **2025-26 Update** Continue to track as part of the action plan.	Ongoing and being actively managed

ANNUAL GOVERNANCE STATEMENT 2025/26 (continued)

APPENDIX 1 (continued)

Issue/Challenge from 2024/25 AGS	Progress Update	Status
Issue/ Challenge **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. **Activity** Mitigation plans have been implemented and will be maintained. These include: •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 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. **Senior Responsible Officer(s)** Andrew Eyres, Corporate Director Integrated Health and Adult Social Care Richard Sparkes, Director of Adult Social Care **Target Date** On going to 31 March 2026	Integrated Health and Adult Social Care continue to maintain tight oversight and scrutiny of expenditure, delivery of savings plans, and identification of further efficiency opportunities. The mitigation measures previously outlined remain in place and are being actively operated, specifically: •Fortnightly reviews of ASC placements to ensure ongoing cost effectiveness and value for money. •Monthly meetings to assess provider uplift requests, providing a structured approach to market pressures and inflationary considerations. •Weekly finance and performance meetings to receive and assess new spend requests and to review routine updates on the budget position. •Monthly Budget monitor chaired by the Corporate Director Cabinet Members receive monthly budget updates and regular progress reports on MTFS programmes and savings proposals, ensuring appropriate visibility and scrutiny at Member level. Adult Social Care continues to run an active and continually developing demand management programme, which focuses on early intervention, timely reviews, and strengthening community-based support to help residents remain independent for longer. This programme is supporting steady progress in managing spend in line with existing budgets by reducing reliance on higher cost care pathways where appropriate. The directorate also continues to report pressures through established survey returns to the regional and national Association of Directors of Adult Social Services (ADASS), supporting transparency and sector benchmarking. Collectively, these arrangements provide a consistent governance framework for monitoring demand pressures, oversight of spend, and delivery of agreed savings, with regular escalation and visibility through established corporate and Member reporting. **2025-26 Update** Of note is the reduction in forecast overspend from £8m at Q1 to £2.5m at Q4. Although this represents significant progress, it remains too early to determine if this will be sustained and it therefore remains an issue which requires close monitoring.	Ongoing and being actively managed

ANNUAL GOVERNANCE STATEMENT 2025/26 (continued)

APPENDIX 1 (continued)

Issue/Challenge from 2024/25 AGS	Progress Update	Status
Issue/ Challenge **7.** Responding to the demand and escalating costs of providing Temporary Accommodation (TA). **Activity** 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: Preventing households from becoming homeless, particularly those who are being evicted from private rented accommodation and those being evicted by friends and family. Supporting households to move on from temporary accommodation into social housing through changes to the allocations policy and private rented accommodation. 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. **Senior Responsible Officer(s)** Richard Sorensen, Director of Housing Needs and Commissioning **Target Date** 31 March 2026	The revised placement policy was approved in December. This will enable an increase in the number of households placed into the private rented sector. New processes have been introduced around out-of-hour accommodation to increase income by £300k pa. The next phase will be to end the use of hotel accommodation for emergency provision. Overall numbers in temporary accommodation (TA) continue to fall from their height of 4,765 in February 2025 to 4,399 as at 23 February 2026. 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. A pipeline of leased blocks for use as TA is now in place. A new financial scheme of delegation has been introduced for payments around PRS discharge and temporary accommodation to bring down the cost of placements. A dynamic procurement system is being procured to enable greater control over the cost and quality of nightly paid placements. Further actions are being taken to reduce the numbers and costs of TA as quickly as possible to within budgeted levels. **2025-26 Update** Of note is the reduction in the forecast for TA from £20m at Q1 to £14.5m at Q4. Largely due to the reduction in numbers in TA. With reduced TA numbers in April 2026, 2026-27 started with the equivalent of a £13m p.a. reduction in TA costs, and with continued reduction TA should achieve its baseline budget (before savings). Despite the positive trajectory the service remains under pressure with spend considerably above near neighbour benchmarks and remains a significant issue for the Council. The Council has nomination to c700 TA properties where there is no direct cost to the Housing Needs Service, either HRA or HAs. With the introduction of LAHF funding to acquire properties (in HRA) further reducing the cost of TA, the measurement of numbers needs to relate to 'paid for'. In 2025-26 the number of paid for properties (Nightly Paid and leased) reduced by over 500 (12%), from 4,200 to 3,694. At the same time, rate for TA stabilised at 148% LHA with new properties being procured at cheaper rates off setting rates increase from current TA. In addition, the use of very expensive (2005+LHA) TA was ended.	Ongoing and being actively managed

APPENDIX 1 (continued)

Issue/Challenge from 2024/25 AGS	Progress Update	Status
Issue/ Challenge **8.** Consistent compliance with core financial controls is challenging. This includes areas such as procurement, purchase cards and purchase orders. **Activity** 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. 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. **Senior Responsible Officer(s)** Zena Cooke, Corporate Director Resources **Target Date** 30 September 2026	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. 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. 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. 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. The Corporate Committee have received separate reports on procurement and compliance challenges. In response an action plan has been agreed that includes the following, regular reports will be made separately to management and the Committee on progress: •Introduce a contract management 'licence to operate'. Require all staff with contract management responsibilities to complete mandatory contract management training. Successful completion of an accredited CM training (at the appropriate level via GCC for example) will lead to the issue of a 'licence to operate' before being able to undertake commercial contract management of any contract. •Lambeth full repository of contracts (> £100k) to be classified into Bronze, Silver, Gold so that targeted training can be developed and delivered to nominated Contract Managers based on contract classification. •Develop and implement a Contract Management 'Hub' for Lambeth. Proposed that this dedicated function (Hub) will develop and implement a Contract Management Strategy & CM Framework for Lambeth, coordinate a complete classification of all contracts on the Contract Register and develop a targeted package of CM training for all nominated Contract Managers. This Contract Management Hub would also assume responsibility centrally for all advice to contract managers (including new entrants) re. CM Policy, Strategy, contract classification and contract performance reporting via monthly dashboard. •Launch the Commercial Continuous Improvement Assessment Framework (CCIAF) commercial maturity self-assessment within Lambeth and seek external peer review via Cabinet Office. •Contract Management Improvement workstream to be expedited (to include Audit Committee actions PR2A, PR2B and PR2C). •To review date and value limits for all Contract and Non-Contract Contract Purchase Agreements.	Ongoing and being actively managed

APPENDIX 1 (continued)

Issue/Challenge from 2024/25 AGS	Progress Update	Status
	•To review appropriate system changes to Oracle to prevent POs that exceed CPA limits or fall outside contract dates. •Corporate Directors to ensure that their Contract Managers are attending relevant contract management training sessions to enhance their understanding of processes, requirements and to support effective contract management. 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 took place in November to reinforce users' responsibilities. In addition, all new purchase card holders receive induction training to ensure they understand the compliance requirements from the outset. Internal Audit are presenting to every Directorate Leadership Team to 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. **2025-26 Update** During 2025/26 the Procurement Board was re-launched. It is chair by the Corporate Director for Resources and attended by senior stakeholders from across the organisations. The Board considers and oversees the progress of procurements through their lifecycle including CMDDR's. The Council is committed to improving its procurement processes and is preparing to an external peer assessment of these using the Cabinet Office's Commercial Continuous Improvement Assessment Framework (CCIAF). In advance of the submission the Council is focussing on its approach to contract management through an improvement programme.	

APPENDIX 1 (continued)

Issue/Challenge from 2024/25 AGS	Progress Update	Status
Issue/ Challenge **9.** There have been significant number of breaches of Court Orders (Disrepair works not completed in line with the Court Order). 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. **Activity** 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. **Senior Responsible Officer(s)** Janet Sharpe, Director of Housing Operations **Target Date** 31 December 2025	Additional staffing and streamlined legal capacity are now in place and action plan is in delivery. 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. Further work is continuing to analyse the information relating to Court Orders and breaches to continue to improve performance in these areas. It is likely that the total legal spend on cases will be similar if not more than last year. **2025-26 Update** Although some progress has been made during the year this remains a significant issue for the Council. During the year, the use of the Plentific contractor platform expanded the capacity of contractors to complete works, however cases are still awaiting legal settlement. The Exceptional Financial Support provided funding for the cost of disrepair in 2025-26 and enabled a £19m provision (added to the £8m provision from 2024-25) to fund the closure of cases in future years.	Ongoing and being actively managed
Issue/ Challenge **10.** Implementation of management actions arising from internal audit activity has been consistently below target. **Activity** 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. **Senior Responsible Officer(s)** Paul Rock, Assistant Director Internal Audit and Counter Fraud **Target Date** Immediate	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. 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: •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.	Ongoing and being actively managed

APPENDIX 1 (continued)

Issue/Challenge from 2024/25 AGS	Progress Update	Status
	•A tiered approach to implementation: oCritical actions: 100% implementation within agreed timescales. oHigh/Medium-risk actions: 85–90% implementation target, with flexibility for justified delays oWhere 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. •Regular reporting to senior leadership and the Corporate Committee will include both implementation rates and exception cases, ensuring transparency and accountability. As of the 27 February 2026 overall implementation rates are much improved with High at 91% and Medium at 66% compared to 54% at the end of 24/25. **2025-26 Update** Significant progress has been made in response to IA recommendations. This needs to be kept high on the agenda to ensure it is sustained.	

APPENDIX 2 – Strengths, Issues and Challenges Identified for 2025-26

The Council has established a comprehensive framework of governance arrangements designed to support the effective delivery of services and achievement of its strategic objectives. During 2025-26, these arrangements have continued to operate and, in many areas, have been strengthened. However, in the context of ongoing financial pressures and increasing demand for services, a number of challenges remain. In particular, there is a need to ensure that governance, risk management and internal control arrangements are applied consistently across all services and are fully embedded in operational practice. This assessment has been informed by the Head of Internal Audit's annual opinion, Directorate assurance returns, and assurance statements from the Chief Executive, Monitoring Officer and Section 151 Officer

APPENDIX 2 (continued)

Principle	Our Strengths	Our Challenges	Assessment
A) Behaviour, Integrity and Rule of Law	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. 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. Staff and Members are required to declare interests as well as any gifts and hospitality they are offered. Member declarations are published on the Council's website. The Council has adopted a set of values and behaviours that were developed in consultation with staff and are embedded within the 'Performing Well' appraisal process. All delegated Officer and Member decisions are published and subject to scrutiny, with review by key services including Finance and Legal. Committee, Cabinet and Full Council meetings are held in public with formal procedures and published minutes. The Council operates a Standards Committee supported by the Monitoring Officer and Independent Persons. Anti-fraud and whistleblowing policies are in place and publicly available. A corporate complaints process is established and monitored via Corporate Committee. Statutory Officers meet regularly to consider governance issues.	There remain areas where compliance with legal and regulatory requirements has not been consistently achieved across all services, including in relation to court orders and statutory processes e.g. disrepair. Whilst governance frameworks are well established, further work is required to ensure that they are consistently understood and applied in practice, particularly in relation to decision-making, the Scheme of Delegation and the quality of supporting evidence. Ongoing challenges arising from complaints, Ombudsman findings and legal challenge highlight the need to strengthen consistency, oversight and assurance. Reducing disrepair claims and ensuring compliance with court orders remain key priorities. The Officer Code of Conduct is being reviewed to ensure it reflects current expectations.	

ANNUAL GOVERNANCE STATEMENT 2025/26 (continued)

APPENDIX 2 (continued)

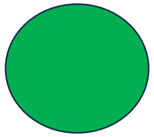
Principle	Our Strengths	Our Challenges	Assessment
B) Openness and Engagement	The Council is committed to ensuring that residents have a strong voice in decisions. The Borough Plan sets out a clear commitment to engagement. Extensive consultation has informed Lambeth 2030, engaging residents, partners and stakeholders across the borough. Clear communication channels are in place, including publication of key information, data and services. The Council deploys a range of engagement approaches appropriate to different audiences and purposes. The Council recognises the diversity of its communities and is committed to inclusive services and employment practices.	The Council continues to strengthen its approach to engagement; however, ensuring that consultation activity is consistently applied and clearly evidenced in decision-making has been an area of focus. There is a need to ensure that stakeholder feedback is consistently reflected in decisions and outcomes. Building on strong partnerships, further work is underway to integrate services and partnerships more effectively to manage demand and improve the overall resident experience.	

APPENDIX 2 (continued)

Principle	Our Strengths	Our Challenges	Assessment
C) Defining outcomes	The Borough Plan provides a clear strategic framework with defined ambitions and outcomes. Performance indicators and business plan activity are mapped to outcomes and monitored regularly. Quarterly performance reporting is provided to Cabinet. The Council takes account of economic, social and environmental impacts in decision making. The Council plays a strong role in partnerships, including the Lambeth Strategic Partnership and other thematic boards supporting delivery.	The Council continues to operate in a challenging financial environment, with increasing demand for services placing pressure on outcomes. Balancing financial sustainability with the delivery of Borough Plan ambitions remains a key challenge. Further work continues to strengthen the alignment between financial planning, performance reporting and outcomes, including enhancing the outcomes framework and corporate performance reporting.	

ANNUAL GOVERNANCE STATEMENT 2025/26 (continued)

APPENDIX 2 (continued)

Principle	Our Strengths	Our Challenges	Assessment
D) Decision-Making	The Council has established decision-making processes with all reports subject to corporate clearance (Legal, Finance and Democratic Services). Reports follow a standard template and set out options, risks and supporting information. Overview and Scrutiny Committees provide effective challenge. The Audit and Risk Committee provides assurance over governance, risk and control arrangements.	Whilst established processes are in place, some inconsistency in how these are applied across services means that governance around procurement, commissioning and programme delivery continues to be strengthened. Ensuring consistent and timely input from Legal, Finance and Governance remains an area of focus, alongside improving the clarity and consistency of information presented to decision-makers. Work is continuing to strengthen governance arrangements across committees and scrutiny functions.	

APPENDIX 2 (continued)

Principle	Our Strengths	Our Challenges	Assessment
E) Capacity and Capability	The Council continues to invest in workforce development through transformation programmes and leadership initiatives. Staff engagement is supported through surveys, focus groups and action plans. Training and development opportunities are available, including leadership development and professional qualifications. Performance management frameworks support staff accountability and development. Members are supported through structured training programmes.	Ensuring consistent understanding and application of governance requirements across the organisation is continuing. This includes strengthening awareness of the Scheme of Delegation and internal control responsibilities. Capacity constraints, recruitment challenges and increasing demand pressures continue to impact the ability to embed consistent practices. Work is continuing to ensure that organisational culture supports accountability, compliance and consistent application of governance.	

ANNUAL GOVERNANCE STATEMENT 2025/26 (continued)

APPENDIX 2 (continued)

Principle	Our Strengths	Our Challenges	Assessment
F) Risk and Financial Management	The Council has a Risk Management Strategy supported by processes across the organisation. Risks are reported regularly to Management Board and Corporate Committee. Financial monitoring and reporting takes place regularly and has been enhanced in 2025-26 to incorporate a wider overview and transparency over the Council's finances with the quarterly report now incorporating debt collection, treasury management, payment compliance and a detailed update on savings delivery. A Medium Term Financial Strategy is in place. Internal audit provides independent assurance. Corporate Committee provides oversight of governance and control arrangements.	The Council continues to operate in a challenging financial environment, requiring delivery of savings and management of demand pressures. Whilst the Council has established financial management and control frameworks, internal audit work has identified that their application is not yet consistent across all services, particularly in operationally complex and demand-led areas. There is a need to strengthen compliance with financial regulations, including procurement, contract management and purchasing processes. Further work is required to improve the timeliness and consistency of implementing internal audit recommendations. Additional challenges include improving financial accounts, managing HRA pressures and responding to demand-led pressures in social care and temporary accommodation. Although oversight of savings delivery is much improved more needs to be done to ensure timely delivery. Strengthening data governance and cyber resilience is also required.	

APPENDIX 2 (continued)

Principle	Our Strengths	Our Challenges	Assessment
F) Risk and Financial Management (continued)		A full external audit of the Council's accounts and an audit opinion has not been received since 2022-23. Regaining external assurance is a priority for the Council and it has an improvement plan in place, progress on which has been reported to Corporate Committee during 2025-26.	

ANNUAL GOVERNANCE STATEMENT 2025/26 (continued)

APPENDIX 2 (continued)

Principle	Our Strengths	Our Challenges	Assessment
G) Transparency and Accountability	The Council is committed to transparency and publishes data in line with statutory requirements. Decision-making processes are supported by public reporting, forward plans and published minutes. Internal audit provides independent assurance. The Council engages with peer reviews and external inspections. As referred to above financial monitoring and reporting has been enhanced in 2025-26 to incorporate greater transparency over the Council's finances with the quarterly report now incorporating debt collection, treasury management, payment compliance and a detailed update on savings delivery. Furthermore throughout 2025-26 the Corporate Committee received detailed updates at every meeting on the Council's progress on responding to the recommendations issued by the External Auditor in February 2025 – demonstrating an increased level of accountability for actions taken and impacts.	Maintaining consistent quality and timeliness of reporting remains an area of focus. Consistently embedding learning from audit, inspection and peer review continues to be strengthened. Strengthening audit trails and quality of documentation remains a priority. Following the Corporate Peer Challenge, there is a continued focus to embed improvements and ensure sustained progress.	

ANNUAL GOVERNANCE STATEMENT 2025/26 (continued)

APPENDIX 3 - Key Issues going into 26-27 and how they will be addressed.

The issues identified below reflect areas where governance arrangements require further strengthening. Consistent with the Internal Audit Annual Opinion for 2025-26, these do not indicate an absence of governance frameworks, but rather the need to ensure that control processes are applied consistently and embedded across all services, particularly in high-demand and operationally complex areas.

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
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.	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. 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. Budgets are being monitored closely and budget challenge sessions are held regularly to test assumptions and challenge overspending.	All Corporate Directors	On going to 31 March 2027	In addition to the agreed savings approved by Council in March 2025 further savings have been identified and agreed as part of the 2026-27 budget process. These are monitored via Inphase. Reporting through to DLTs has been enhanced this year. Furthermore, a review of all existing savings which have not yet been delivered has been undertaken to determine if these are delayed or are no longer deliverable. Where they are no longer deliverable further savings will be required from the directorate or in exceptional circumstances some savings will be written off. Provision has been made in the 2026-27 budget for known areas of risk primarily in the former Residents Experience Directorate which are now within Growth & Environment and Resources Directorate. Although these measures are having an impact and the General Fund forecast has improved between the Q1 position and Q4, the Council still ended the year with a significant overspend on the General Fund and the requirement to apply £46m of Exceptional Financial Support - £15.9m to address the service overspend and the remainder to strengthen provisions and reserves further. 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. 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.

APPENDIX 3 (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
2. In February 2025 the Council received statutory recommendations from its External Auditors Recommendations from External Auditors.	The Council accepted the recommendations and agreed an action plan Council Response to the External Auditors Recommendations.pdf. Progress is closely monitored by senior management and the Corporate Committee.	Zena Cooke, Corporate Director Resources	Ongoing to 31 March 2027.	Progress is being closely monitored by senior management and the Corporate Committee and now the Audit & Risk Committee who have received reports at every meeting with the latest update being presented at the June 2026 Audit & Risk Committee. The statutory recommendations were issued 16 months ago, and the Council has 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/ Audit & Risk Committee meeting and reflected in the updates referenced above. However, it is important to acknowledge that whilst EFS has enabled the Council to rebuild the reserves position, reliance was also placed on EFS for 2025-26 and to balance the budget for 2026-27 and there is still considerable work to be done to ensure the Council is in a financially sustainable position on an ongoing basis. Some of the deeper structural reforms required such as, implementing a redesigned operating model, and implementing the service reductions and policy change required will take time to fully embed and deliver measurable impact.

ANNUAL GOVERNANCE STATEMENT 2025/26 (continued)

APPENDIX 3 (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
3. Preparation of the financial accounts for 2024-25 was 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.	The Council recognised 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 increased capacity of the team to simultaneously service the 2024-25 audit, prepare 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.	Zena Cooke, Corporate Director Resources	27 February 2026	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. The Council undertook 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 also commissioned an external review of its balance sheet. 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. During 2025-26 the Council created and started to implement actions in the Closedown & Accounts Improvement Plan. Progress again this Plan was reported to Corporate Committee during the year. The external auditor provided a 'disclaimed' backstop opinion on the Accounts for 2024-25 ahead of the national backstop date on 27 February 2026. This action is therefore being closed. 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. A new action relating to the 2025-26 Accounts is being added to the plan for 2026-27.

APPENDIX 3 (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
4. Managing the increased pressure on the Housing Revenue Account because of increased costs, rents not keeping up with inflation, Local Housing Allowance caps and freezes, ensuring the Council is compliant with Housing Legislation and Regulation, having a balanced HRA self-financing model, and unfunded burdens. The Council sought a capitalisation direction (permission to borrow money) from MHCLG for £40m to balance the HRA.	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. 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. Quarterly progress update meetings are also held with MHCLG officials.	Zena Cooke, Corporate Director Resources Janet Sharpe, Director of Housing Operations.	Ongoing to 31 March 2027	The Council's Housing Revenue Account has been subject to a detailed external review, and this review informed 2026-27 HRA budget and will feed into the financial recovery plan and the 30-year business plan. The HRA is reporting an £8m underspend in 2025-26 as at Q4 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. The Council is implementing the first tranche of asset disposals (approx. £3.5m of receipts to date) to finance the temporary borrowing arising from EFS. 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. The final meeting is planned for July.
5. In November 2024 the Council participated in a Corporate Peer Challenge Corporate Peer Challenge Final Report. 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 Corporate Peer Challenge 2025 Action Plan.	Actions arising from the LGA peer review will be monitored by the Corporate Leadership Team.	All Corporate Directors	Short and Medium Term to be completed by 31 December 2025	Actions arising from the LGA Peer Review have been monitored regularly by the Corporate Leadership Team. 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.

APPENDIX 3 (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
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.	Mitigation plans have been implemented and will be maintained. These include: • 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 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.	Andrew Eyres, Corporate Director Integrated Health and Adult Social Care Richard Sparkes, Director of Adult Social Care	Ongoing to 31 March 2027	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 previously 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).

APPENDIX 3 (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
7. Responding to the demand and escalating costs of providing Temporary Accommodation.	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: Preventing households from becoming homeless, particularly those who are being evicted from private rented accommodation and those being evicted by friends and family. Supporting households to move on from temporary accommodation into social housing through changes to the allocations policy and private rented accommodation. 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.	Richard Sorenson, Director of Housing Needs and Commissioning	31 March 2027	The revised placement policy was approved in December 2025 and was implemented in April 2026. This will enable an increase in the number of households placed into the private rented sector. New processes have been introduced around out of hours accommodation to end the routine use of hotels and to introduce charges for emergency accommodation. These changes are designed to reduce expenditure by £1.5m and increase income by £300k. Hotel expenditure has dropped from £125,000 per month to c£5,000. Overall numbers in temporary accommodation (TA) continue to fall from a height of 4767 in February 2025 to 4270 as at the end of June 2026. 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. A new TA Procurement Strategy was approved in April 2026. This sets out a planned approach to moving away from Nightly Paid accommodation towards leased and owned stock within the context of a reduced TA portfolio. A pipeline of leased blocks for use as TA is now in place. Further actions are being progressed to reduce the numbers and costs of TA as quickly as possible to within budgeted levels.

APPENDIX 3 (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
8. Consistent compliance with core financial controls is challenging. This includes areas such as procurement, purchase cards and purchase orders.	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. 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.	Zena Cooke, Corporate Director Resources	30 September 2026	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. 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. 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. 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. 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 took place 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. 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.

APPENDIX 3 (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
9. There have been significant number of breaches of Court Orders (Disrepair works not completed in line with the Court Order). 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.	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.	Janet Sharpe, Director of Housing Operations	31 March 2027	Additional staffing and streamlined legal capacity are now in place and action plan is in delivery. The overall case total is now decreasing for the first time in 2026-27, with the total number of cases being closed is now greater than the number of new cases. Additional contractor capacity is also now in place. As a result of more robust governance; end to end process review; potentially unjustified claims, there has been an increase in the number of claims that have been withdrawn. The number of high-risk, complex notices has reduced from over 200 at the start of the financial year, to under 80. Further work is continuing to analyse the information relating to Court Orders and Court breaches; A new Disrepair Arbitration Scheme is in development all of which will continue to improve performance in these areas.

APPENDIX 3 (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
10. Implementation of management actions arising from internal audit activity has been historically below target.	All actions are now owned by Directors who will maintain oversight and provide updates. Management are provided with monthly reports on progress. Assurance Board chaired by the Chief Executive and attended by the Statutory Officers, maintains oversight and escalate as needed. Corporate Committee (now Audit and Risk) is provided with detailed reporting and officers with overdue actions are required to attend the Committee meeting to provide a formal response.	Paul Rock, Assistant Director Internal Audit and Counter Fraud	Immediate	Implementation rates have significantly improved however the Chief Executive and senior leadership will continue to prioritise this issue. The fact that directions have been issued at the highest level reflects the seriousness with which the Council views internal control weaknesses. The previously 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 continue to be actively addressed through: •Regular attendance of Internal Audit at Directorate meetings. •Targeted support for services with persistent implementation delays. •Directors will attend Assurance Board and Audit & Risk Committee to provide explanations and updates on progress for overdue actions. •Regular reporting to senior leadership and the Audit & Risk Committee will include both implementation rates and exception cases, ensuring transparency and accountability.

APPENDIX 3 (continued)

Issue / Challenge	Activity	Senior Responsible Officer(s)	Target Date	Progress Update
11. Preparation of the financial accounts for 2025-26 is very challenging, mainly because of challenges in preparing the accounts for the previous three 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.	Further to the issues the Council encountered in preparing its 2024-25 Accounts it recognises it needs to further improve its accounts preparation as part of its approach to regaining assurance from the external auditor. The Council has a dedicated team to focus solely on accounts preparation and improvement. It is continually reviewing the capacity of the team to simultaneously service the 2025-26 accounts preparation/audit, commence preparations for the 2026-27 accounts and continue implementing improvements to practices/processes in line with the Closedown & Accounts Improvement Plan.	Zena Cooke, Corporate Director Resources	31 January 2027 [national backstop date]	The Council has in place a Closedown & Accounts Improvement Plan. Progress against this Plan is being reported to the Audit & Risk Committee. The dedicated team and improvement plan put in place have helped to ensure the Council is in the position to publish a robust set of accounts for 2025-26 with all the necessary review steps in place. However, this will remain a significant issue until the Council is in a position of receiving an unqualified external audit opinion. As such the Council will review progress against its Improvement Plan with a view to refining existing actions and incorporating new actions into the plan where required.

SECTION – 8

GLOSSARY OF FINANCIAL TERMS

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 Council'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.

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