



Lambeth

2014/2015

Statement of Accounts



PREFACE

Welcome to Lambeth Council's Statement of Accounts

Lambeth Council is always seeking to improve, and this includes how we present information to the public and stakeholders to facilitate engagement and improve our commitment to 'open government'. So I am pleased, for the first time, to personally put in a few words into this preface to the Council's annual Statement of Accounts for the financial year ended 31st March 2015.

I would welcome any comments or suggestions from residents to help us develop and improve our commitment to transparency.

*We are facing difficult times in local government. By 2016/17 Lambeth will have lost 50% of its core government funding compared to 2010/11, and this general trend of shrinking funding can be expected to continue for some years yet. But we are committed to achieving **ambition and fairness** in everything we do. In Lambeth we are determined to focus on what we are able to achieve with the resources we have left, and we will not solely be driven by cuts we have to make.*

Taken together with the impacts of the government's welfare reform programme and its impact on our vulnerable residents, and the changing needs and expectations from residents generally, this is clearly a time of unprecedented challenge for local government. However, I hope that through working closely with our communities, and by means of finding creative and innovative solutions, we will be able to continue our commitment to make a real and positive difference to the lives of all in the borough.

This document provides some of the detail as to how we have performed, in particular from a financial perspective, for the year 2014/15, and I would like to thank all the finance staff who have contributed to its completion.



Councillor Paul McGlone

Deputy Leader (Finance and Investment)

EXPLANATORY FOREWORD

The Council's Statement of Accounts for the year 2014/15 has been prepared in accordance with the Accounts and Audit Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) for 2014/15. The code incorporates relevant accounting standards, including International Financial Reporting Standards, International Public Sector Accounting Standards and Generally Accepted Accounting Practice (UK).

The accounts comprise the following: -

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Group Accounts

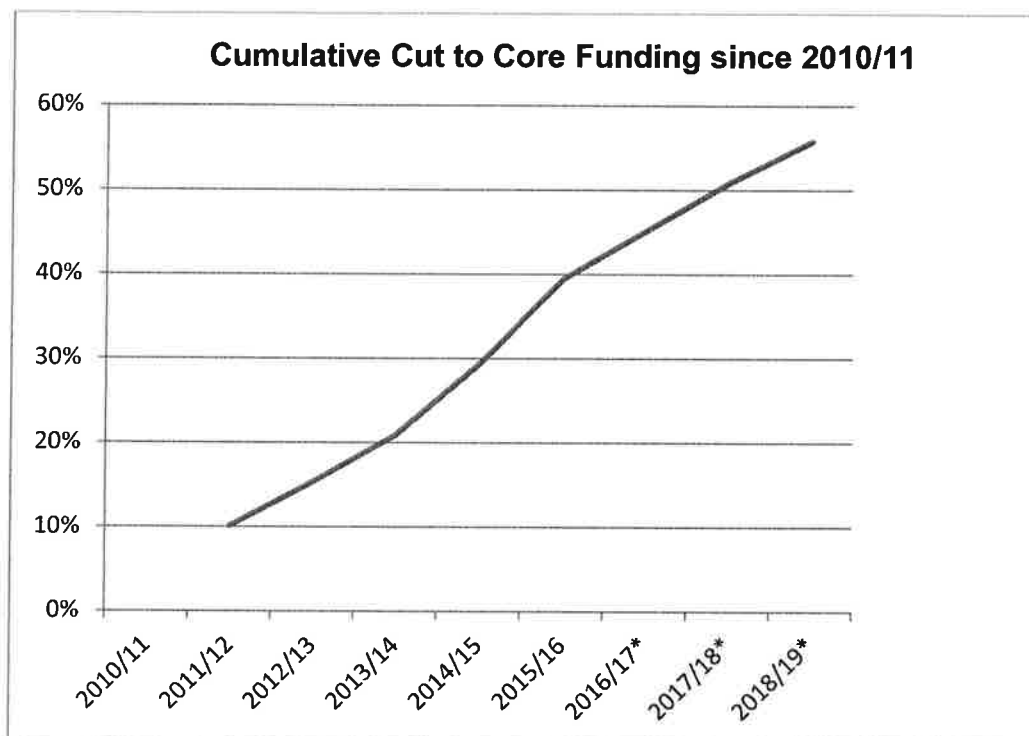
The Council wholly owned an arm's length management organisation (Lambeth Living Ltd) as at March 31, 2015, which managed its housing stock. However it is the Council's view that there is no requirement to prepare group accounts because Lambeth Living was acting as an agent of the Council, having no material assets of its own, and earning no material income other than the management fee that the Council paid it. Other interests of the council, which would otherwise fall to be consolidated into group accounts of the council, are also individually and in aggregate immaterial. Thus, any group accounts would not be significantly different from those of the single entity. Lambeth Living has been brought back in-house as of 26th June 2015.

REVIEW BY THE CHIEF FINANCE OFFICER

Introduction

The presentation of the formal accounts for the Council is an opportunity to not only take a retrospective look at financial performance over the last 12 months, but more importantly from a strategic perspective, to review that performance in the light of wider considerations. For several years now, public services have been dealing with reductions in funding, and those reductions have been felt most acutely by local government, and so are germane to understanding how financially resilient the Council is, and how well the Council is managing to adapt to the new paradigm.

We have already, and we will continue to, face cuts in core government funding of about 50% over six years. At the same time, we have maintained a commitment to residents to keep our council tax as low as possible.



*Estimated from pro rata share of local government cuts.

Financial Strategy

We need to ensure that we use the resources we have as effectively as possible. This means everything we do must be focused on achieving the outcomes set out in the Community Plan. Our Financial Management Strategy sets out our approach to this. In summary, the key priorities for our financial management are:

Tackling the fundamental change in business and function that funding reductions of 50% over six years and rising demand pressures must necessarily entail by becoming a cooperative council. As part of this approach, we are developing our financial planning processes with the community to ensure we allocate our resources most effectively (both revenue and capital) to deliver the outcomes set out in the Community Plan and away from lower priority activities.

Seeking to minimise dependence on central government funding by maximising income from other sources including regional and international funding and maximising opportunities arising from policies such as the New Homes Bonus and Community Infrastructure Levy.

Maximising the potential income and expenditure opportunities from a shared service approach with other local authorities, and partnerships with other public sector organisations and social enterprises if they contribute to the outcomes set out in this plan.

The Challenge

However, it must be recognised that for local government generally, we are in a “once-in-a-generation” period of financial challenge. Following the last general election, we can expect further reductions in funding from central government, and for this austerity to continue well into the medium term.

The profound adaptations required of local government will not be achieved without considerable effort in an ever more complex environment of increasing demand and rising expectations. The Council has received an inadequate Ofsted rating for Children’s Services in May 2015; the opinion of the Head of Internal Audit in his annual review is that the organisation needed to improve the adequacy and effectiveness of governance, risk management and control arrangements. His work has identified that there are some major weaknesses in the framework of governance, risk management and control, and non-compliance with controls which put the achievement of organisational objectives at risk.

Both of the above verdicts demonstrate the inherent operational risks in a rapidly changing organisation, as it grapples with significant challenges.

In conclusion, for Lambeth Council to realise its ambitions will require financial management to meet these testing circumstances, and enhanced discipline in order to progress strategic and operational change at the requisite speed.

A number of measures have been put in place which will strengthen governance, accountability and management oversight across the Council to drive through the required improvements.

Some highlights

Despite recognising the challenging financial and operational environment in its broadest sense, Lambeth Council has maintained its determination to deliver innovative projects and make a real difference.

You can see our ambition reflected in the incredible regeneration going on in Lambeth. In the last three years we have opened new leisure centres in Norwood, Clapham and Streatham. Also In the last year we have been instrumental in the opening of the Black Cultural Archives in Brixton.

The first phase of the “Meanwhile on Pope’s Road” project, now called Pop Brixton opened in May 2015. The Council has provided its land for free until at least October 2017 and levered in over £1m of private investment to build and fit out the scheme. Over 85% of current tenants either live or were previously based in Lambeth and all tenants will both volunteer to support the local community and look to recruit locally too. Later phases include an events space, subsidised retail, commercial and community space and a co-working space, which will house the Impact Hub Brixton, utilising High Street Fund grant. In June 2014 a major project aiming to improve the lives of thousands of babies and young children in Lambeth secured £38m of funding. The grant from the Big Lottery Fund was given to the Lambeth Early Action Partnership (LEAP) to carry out the innovative work which focuses on the prevention of developmental problems during pregnancy and in children’s early years.

Our young people are achieving their best ever school results and we are narrowing gaps in performance so that all young people have an equal chance to succeed. Local employment is growing and we are focusing our efforts on making a difference to the groups that are furthest from

the employment market. Crime, in particular burglary, is down; our work to combat violence against women and girls is nationally recognised.

In February 2015 we announced that Lambeth had turned around every one of its troubled families, with more than a thousand households back on track with the help of a special Lambeth Council team set up to tackle unemployment, crime and social problems across the borough.

We are supporting more vulnerable people to live at home and outside of residential and nursing care than ever before and we have made great strides in preventing people from becoming homeless.

859 new affordable housing units were delivered in 2014/15, and in March 2015 twenty two formerly squatted two-bedroom flats were made available at council rent levels in Rushcroft Road, Brixton after a thorough refurbishment.

The council tax collection rate is at the highest level ever achieved, at 95%, up from 94.7% previously.

We are also challenging ourselves to think differently. The Young Lambeth Cooperative is a new body that oversees with our residents many of the services and buildings we use for young people in the borough. This is about resources being genuinely directed by the people that care and use these services. Our model of cooperative commissioning is putting local people at the heart of decisions and is leading to new and better solutions.

We have seen all our major parks achieve green flag status and our amazing Country Show attracts over 100,000 people every year.

Significant Finance Developments

Retention of Business Rates, and Council Tax Support (CTS)

With the localisation of business rate revenue from 2013/14, which was previously returned to the Treasury, and the replacement of Council Tax Benefit by localised support schemes, a significant level of risk has been transferred to Local Government. Furthermore, Council Tax Benefit became incorporated within Lambeth's financial settlement and is now subject to the same annual cuts.

Although business rate revenue grew from 2013/14 to 2014/15, there is some uncertainty regarding projections in the near future, due to the re-development of the Shell Centre and the Enterprise Zone. The Council's share of the business rates provision against appeals (total £22m) is £6.5m. This is a significant source of risk as the time between the appeal and the actual crystallisation of the loss to the Collection Fund can be many years. Not all of 2005 appeals had been finalised at the time of the draft Statement of Accounts.

Social Care & Health

Local government continues to deepen integration with Health, bringing additional risks and rewards. This integration can be seen with the additional responsibilities attached to Public Health and the Better Care Fund.

Lambeth gained Public Health statutory obligations on April 1st 2013 to improve the health of residents and reduce local health inequalities. The Public Health Grant (£26.4m with an additional £1.4m from the CCG) funds such activities as sexual health provision in the community.

The Government has decided to cut the Public Health Grant in-year. Lambeth's share is anticipated to be approximately £2m. It has not, however, cut responsibilities and demand for services continue to grow.

These responsibilities will be expanded by a Children Social Care element of £4.6m for the first time in 2015/16. Lambeth and Southwark share a Director of Public Health, Dr. Ruth Wallis, and she leads a small team supporting the Council, Clinical Commissioning Groups and Health and Wellbeing Boards in meeting their statutory duties.

Furthermore, the total value of Lambeth's 2014/15 share of what will become the Better Care Fund is approximately £10.5m with an additional £11.5m in 2015/16. The funding is to support the joining up of Health and Social Care services around the needs of elderly and vulnerable patients so they can recuperate at home, rather than in hospitals.

Pension Fund Revaluation and Pension Liability

The triennial valuation of the Pension Fund took place in 2013 (where funding levels improved marginally to 72.6%). Following this, we introduced a new approach which sets investment strategy at the same time as considering its funding strategy and contribution plan, basing all three on a sophisticated risk-based model to reduce and eliminate the deficit.

As a result of the approach, contribution rates and investment strategy were considered in tandem, balancing risk with the need for stability. The Council, as the largest employer in the Fund (99% of the total Fund), achieved more stability and a reduction in expenditure over a three-year period. The contribution rates came into effect on 01 April 2014 and will remain in place until the next valuation i.e. 31 March 2016 with new rates effective on 01 April 2017.

Within the Fund, total assets grew from £1.032bn to £1.136bn, up 10%, as a result of this investment strategy.

The net pension liability of the *Council* is broader than that of the Pension Fund, because it includes liabilities relating to Lambeth Living employees and those with pensions managed by the LPFA. This

overall liability has grown from £592m to £767m; however, this is the result of a change in the actuarial assumptions, rather than underlying performance of the Fund's investments, which has actually improved. Please see Note 1, Note 26 and the Pension Fund accounts themselves on p65 for more details.

Reserves

Reserves	Balance at 31/03/2013	Movement In Year	Balance at 31/03/2014	Movement In Year	Balance at 31/03/2015
	£'000	£'000	£'000	£'000	£'000
General Fund Balance	(24,666)	(208)	(24,874)	1,259	(23,615)
General Fund Earmarked Reserves	(68,039)	710	(67,329)	3,545	(63,784)
General Fund Total	(92,705)	502	(92,203)	4,804	(87,399)
HRA Balances	(9,996)	2,153	(7,843)	(2,194)	(10,037)
HRA Earmarked Reserves	(11,151)	(12,085)	(23,236)	(3,276)	(26,512)
HRA Total	(21,147)	(9,932)	(31,079)	(5,470)	(36,549)
Council Total	(113,852)	(9,423)	(123,275)	(673)	(123,948)

Overall, earmarked General Fund reserves have fallen over the last two years, from £68.0m as at 31 March 2013, to £67.3m in 2014, and finally, with a larger fall to £63.8m in 2015. Taken together with the fall in GF balances from £24.7m to £23.6m over the same period, it is broadly reflective of the pressures falling on the authority's finances. It should also be noted that a contribution of £2.4m from GF balances is built into the 2015/16 budget.

Over the next few years, the planned use of reserves to manage risks, meet the costs of transformation, and provide funding for investment will be key to the success of the authority.

In the Housing Revenue Account (HRA), which is ring-fenced from the General Fund, there is much less dependency on revenue grants from government, and thus its finances are more resilient at this time. It has therefore been possible to increase reserves from £11.2m as at 31 March 2013 to £26.5m in 2015, in readiness for investment in better quality housing.

Investment Projects within Lambeth

This section is intended to provide a broader overview of investment activity within the borough, but it should be understood that projects may be multi-phased, and not all phases will be approved and finalised for the go-ahead at this stage.

The following significant projects have been underway during 2014/15:

Brixton

Future Brixton: the Future Brixton programme is a major Council-led regeneration programme, including Brixton Central, Your New Town Hall and Somerleyton Road. The overall programme should see substantial investment in the town centre and the delivery of 750 new homes. Discussions have now begun with stakeholders towards the implementation of the first phase of works.

Somerleyton Road: this is a £115m mixed-use scheme which includes the proposed relocation of the Ovalhouse Theatre. Design for this project is well advanced with a detailed planning application for the entire site due to be submitted at the end of August 2016. The latest scheme consists of 302 homes, a new theatre and a range of commercial and non-commercial uses.

Your New Town Hall is the major development of a 2.5 acre site in the heart of Brixton. It will see the current town hall carefully restored and improved with better spaces for the whole community including an area to support local businesses. It will deliver 194 new homes and create a number of construction jobs and apprenticeships for local people.

Waterloo (Bishop's)

Regeneration of Waterloo: the Council has supported the attracting of significant activity from private development and central government in the Waterloo area, including redevelopment of Shell, Elizabeth House and Doon Street, Waterloo station Master Plan and potential extension of the Bakerloo line and the extension of Jubilee Gardens.

North Lambeth

Regeneration of the **Vauxhall and Nine Elms** areas: the Council has granted planning permission for most major development in this area. Work continues on redevelopment of the Albert Embankment with Damien Hirst scheduled to open his gallery in the early summer

The Transport Works Act for the **Northern Line Extension** was approved on the 13th October 2014 and construction has commenced. Completion is due 2020.

Norwood

Regeneration of the West Norwood and Tulse Hill area: Lambeth continues to support opportunity for new development and is progressing plans for West Norwood Library and Nettlefold Hall to become the first cinema in the area with improved library facilities. Also, West Norwood Fire Station is being progressed to provide a nursery and new residential accommodation. The removal of the Tulse Hill gyratory is to commence this year, with the Council providing £2m towards Transport for London's £5m funding of the project.

Stockwell

Regeneration of the Stockwell Corporate Local Investment Plan (CLIP) area: the Council is finalising the Stockwell CLIP, which would be the first of seven CLIP strategies to be produced borough wide. The first draft should be presented in July, following a period of engagement of the local community stakeholders: Stockwell Partnership and the Vassal and Coldharbour Forum. This engagement process has secured the list of regeneration project priorities that the local people would wish to see in their areas, funded by the Neighbourhood CIL that would come forward.

Myatt's Field North estate regeneration: This Private Finance Initiative scheme commenced in May 2012 and is part-way through a 5 year construction and refurbishment programme. The project has already delivered 172 refurbished homes and over half of the planned 808 new build homes. To date, 238 (85%) of the council properties have been re-provided together with 154 (for sale) and 114 (shared ownership) new properties handed over.

Various Other Schemes

Primary and Secondary expansion – a total of £57m is included within the Capital Investment Programme for the next 3 years 2015/16 – 2017/18 to fund the expansion of Primary and Secondary schools, providing 2,415 new Primary places (equivalent to 11.5 new forms of entry) and feasibility & design planning for future Secondary expansion.

Special Educational Needs expansion – a total of £11m is included within the CIP for the next 3 years 2015/16 – 2017/18 to fund SEN expansion and to bring places back into the Borough.

Highways – as mentioned above, the Highways Investment Programme resurfaced 125 streets (54 footways and 71 carriageways) covering 41 miles in total during 2014/15.

Affordable Housing investment. – the Council is exploring a number of different strategies to maximise the delivery of new affordable homes within the borough. The council has negotiated via S106 agreements to deliver a number of new homes at council rent levels.

Sources of Funding for the Capital Investment Programme

Over the next three years the financing arrangements confirmed for the Capital Investment Programme are as follows:

Funding Source	Total 3 Year CIP (2015/16 to 2017/18)	
	£000's	%
Grants	64,787	20%
Developers' contributions	22,112	7%
Borrowing	136,196	41%
Major Repairs Reserve (HRA)	47,680	15%
Contributions from leaseholders	10,000	3%
Proceeds from disposals of assets	45,685	14%
Earmarked reserves/revenue	1,332	0%
Total	327,792	100%

Borrowing

The Council has not undertaken any new long-term borrowing from external sources, and the sum total stands at £412.7m, the same as throughout 2013/14.

However, throughout this document there are references to "borrowing" for financing purposes, and this is where for 2014/15 the HRA has borrowed internally from the General Fund. This will continue into the future, but will be subject to further review as appropriate.

It should also be noted that the Council holds long-term creditors of £105.8m which relate to arrangements for service concessions (finance leases or PFI), most of which is paid for by PFI grants received from central government.

HRA Self-Financing

HRA Self-Financing was introduced in 2012/2013. Lambeth continues to invest in its housing stock by way of the Lambeth Housing Standard (LHS). The following investments have been made so far,

- 2013/14: £91.1m
- 2014/15: £102.3m.
- 2015/16: £120m

The Authority is assessing the remaining requirements, as set out in the original LHS investment of £490m

The HRA is constrained by both its debt cap and also its ability to service and afford any new borrowing it undertakes. The HRA 30 Year Business Plan indicates that the affordability of increased borrowing is the more immediate pressure. Low inflations directly affect rental increases and hence the rental income generated by the Authority. Consideration will need to be given to a future rent policy, which aligns with the 30 year business plan, in order to maintain and service the Housing Portfolio.

Summary of Financial Performance in the Year

2014/15 continued to be another year of difficult expenditure pressures to manage in the General Fund after applying savings of £25.4m against annual budgets, and throughout the year management reporting of overspend pressures stayed consistently high for services (at about £7-10m), which was mitigated by underspends on corporately held budgets.

2014/15 Revenue Outturn – General Fund

The 2014/15 General Fund budget was £314.8m and incorporated savings of £25.4m compared to the previous year. The overall outturn position was an overspend of £1.3m. However, below this top-level figure, it should be noted that there was an overspend in Services of £7.4m, which was offset by an underspend in corporate items of £6.0m. The outturn by department is as below:

Department	Annual Budget (final)	Adjusted Outturn	14/15 Overspend/ (underspend)	13/14 Overspend/ (underspend)
	£000's	£000's	£000's	£000's
Commissioning	20,972	21,535	563	(445)
Delivery	238,499	245,177	6,678	6,259
Enabling	31,216	30,019	(1,197)	(3,764)
Co-operative Business Development	4,211	5,519	1,308	1,073
Departmental sub-total	294,898	302,250	7,352	3,123
No Recourse to Public Funds	4,425	4,401	(24)	839
Services sub-total	299,323	306,651	7,328	3,962
Corporate Items	15,507	9,438	(6,069)	(4,170)
Total - General Fund	314,830	316,089	1,259	(208)

A summary of the variances to budget is set out below.

The **Commissioning** outturn of £0.6m overspend is mostly attributable to the Communities service group, where Leisure Services has recognised backdated VAT liabilities, and in overspends against staffing budgets.

The **Delivery** overspend of £6.7m, is principally due to the following areas:

- Children's Social Care – there was an overspend of £5.9m due to overspends on staffing, placements, legal costs and unaccompanied asylum seeker children;
- Temporary Accommodation – there was an overspend of £3.1m, mostly attributable to the fact that the number of households in nightly paid accommodation has nearly doubled. Securing a supply of accommodation in sufficient volumes within the limits of the government's subsidy level continues to present difficulties;
- Libraries – there was an overspend of £1.7m due primarily to the need to top-up the provision to cover potential costs relating to single status pay; and

- Communities, Housing & Environment – after excluding Housing and Property Services there is an underspend of £4.7m, partially offsetting the above pressures, relating primarily to the Waste & Streetcare, Street Management and Parking services.

The Enabling underspend of £1.2m is due to vacancies, and a higher rebate than budgeted on agency staff, since numbers have increased while awaiting restructuring. However, within this general underspend, there was an overspend of £1.1m incurred on Housing Benefits.

The Co-operative Business Development overspend of £1.3m was largely due to a shortfall on the income budgets in the Events team, including the Country Show not fully covering its costs, and overspends in the Co-operative Transition service.

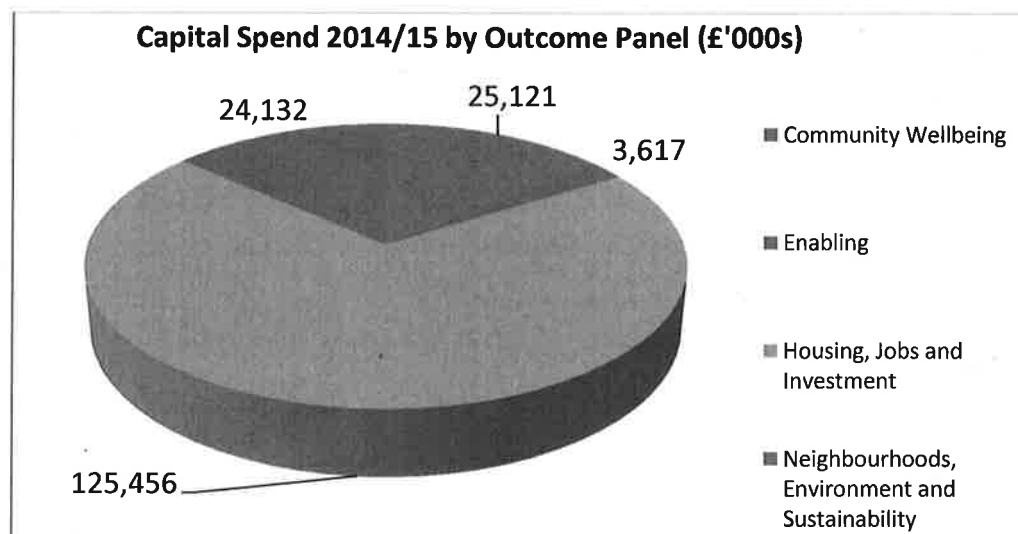
Corporate Items and movements in reserves have a net underspend of £6.0m as a result of lower than expected contract inflation, and lower salaries inflation (as the increase only applied from January 2015 without backdating), and other contingencies that weren't fully required in 2014/15.

2014/15 Revenue Outturn – Housing Revenue Account

The Housing Revenue Account gave a balanced outturn after adjusting for contributions to earmarked reserves. The HRA balances now stand at £10m together with total earmarked reserves of £26.5m, up from £23.2m – the net movement is accounted for by the top-up of £3.3m to the PFI smoothing reserve (which forms part of the financial model for this project). However, in-year £12.3m of reserves have been utilised to help fund housing capital works, with a year-end contribution of £11.5m arising from revenue underspends.

2014/15 Capital Outturn

The capital investment budget after an in-year adjustment was £211.3m, against which the final expenditure was £178.3m, representing 84% of planned amount.



Key outcomes achieved through the investment included:

- Works were carried out which would bring 5,302 homes up to the Lambeth Homes Standard;
- Progress in expansion and enhancement of 7 Primary Schools partly funded by the Targeted Basic Needs Grant (£17.9m);
- Resurfacing of 125 streets (54 footways and 71 carriageways) covering 41 miles in total (£12.4m);
- Streetscape works including Clapham Old Town, Lower Marsh, Van Gogh Walk and Binfield Road. (£4.4m)

There were a number of variances across the programme due to project management and delivery issues which are being addressed by the Capital Delivery Group. Underspend occurred in projects mainly in the following areas:

- Improvement of social care provision: there was a delay in starting on site of the Coburg Crescent project owing to an extended feasibility process.
- Expansion and Enhancement of Primary Schools: the targeted basic needs programme is a seven school programme jointly funded by DfE/EFA and Lambeth. There were a number of delays related to the delivery of this programme arising mainly from the changes in the construction market. The DfE is providing £19.8 million of funding, and will ultimately deliver 1,820 primary school places and 45 places for pupils with Special Educational Needs.
- Investment in Libraries: some delays to the delivery of this programme have occurred as legal negotiations and consultation on the nature of the works have taken longer than anticipated. Some projects are also on hold pending the outcome of the consultation on the Culture 2020 proposals.
- Housing Development Projects (HRA and GF): the Council is investing £5m pa for 5 years in a broad programme both to improve the housing conditions for residents in existing council stock and provide new affordable homes (including new homes at council rent levels). The projects are still at an early stage, and hence little expenditure has been incurred yet.

2014/15 Financing the Capital Investment Programme

This expenditure, as detailed above, was financed from £81.6m of grant monies, £46.3m of internal reserves and revenue contributions (including via the Major Repairs Reserve), £34.9m of proceeds from the disposal of Council assets, £10.9m from internal borrowing, and £4.6m from developers' contributions (commonly referred to as "s106 agreements").

Strategic Director – Enabling

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority 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 (section 151 of the Local Government Act 1972). In this authority, the Strategic Director - Enabling is the Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the statement of accounts.

The Authority is responsible for the maintenance and integrity of the Authority and financial information included on the Authority's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

The Chief Financial Officer's Responsibilities

The Chief Financial Officer (CFO) is responsible for the preparation of the Authority's statement of accounts which, in terms of CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code), is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2015.

In preparing this statement of accounts, the CFO has:

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


The CFO has also:

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

Certification of the Chief Financial Officer

I hereby certify that the statement of accounts presents a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2015.


This Statement is authorized for issue on 30 August 2016.

 .30. AUGUST 2016 .

Christina Thompson
Chief Financial Officer
London Borough of Lambeth

Approval of the Accounts

I certify that the audited Statement of Accounts has been approved by resolution of the Audit Committee of the London Borough of Lambeth in accordance with the Accounts and Audit Regulations 2011.


30 AUGUST 2016

Councillor Adrian Garden
Chair – Corporate Committee

Independent Auditor's Report to the Members of the London Borough of Lambeth

Opinion on the Authority financial statements

We have audited the financial statements of the London Borough of Lambeth for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 35, the Housing Revenue Account Income and Expenditure Account, the Statement of Movement on the Housing Revenue Account Balance and the related notes numbered 36 to 46 and Collection Fund and the related notes numbered 47 to 49. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of the London Borough of Lambeth in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the Authority those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the London Borough of Lambeth as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;

- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects

Opinion on the pension fund financial statements

We have audited the pension fund financial statements for the year ended 31 March 2015 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes numbered 50 to 69. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of the London Borough of Lambeth in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the Authority those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund 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, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the pension fund's financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2015 and the amount and disposition of the fund's assets and liabilities as at 31 March 2015, other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Basis for qualified conclusion

In considering the arrangements the Council has put in place to challenge how it secures economy, efficiency and effectiveness, we have reviewed:

- the findings of the inspection of services for children in need of help and protection, children looked after and care leavers by Ofsted,
- the findings of HMI Probation's inspection of the Council's Youth Offending Team;
- the Council's Annual Governance Statement reports on significant weaknesses in the framework of governance, risk management and control and non-compliance with controls during the year ended 31 March 2015, together with the Council's action plan to address these weaknesses; and
- other audit evidence.

The Ofsted inspection of services for children in need of help and protection, children looked after and care leavers judged these services overall to be inadequate.

The HMI Probation inspection of Lambeth's Youth Offending Team concluded that although improvements had been made since the previous inspection in 2012, the Team had not yet achieved an overall satisfactory level of performance.

The Council's Annual Governance Statement reports on significant weaknesses in the framework of governance, risk management and control and non-compliance with controls during the year ended 31 March 2015, together with the Council's action plan to address these weaknesses.

Having considered the findings and conclusions of the above inspections and the Council's assessment in its Annual Governance Statement, together with our audit evidence, we are satisfied this provides evidence that elements of the

Council's corporate governance arrangements did not operate effectively to challenge how it secures economy, efficiency and effectiveness in its use of resources.

Qualified conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, with the exception of the matters reported in the basis for qualified conclusion paragraph above, we are satisfied that in all significant respects Lambeth Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

A handwritten signature in black ink that reads "Susan Barratt". The signature is written in a cursive style with a large, stylized initial 'S'.

Susan Barratt (Engagement Lead)
for and on behalf of Deloitte LLP
Appointed Auditor
St Albans, United Kingdom
30 August 2016

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	Notes	Year Ended 31 March 2015			Year Ended 31 March 2014		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£'000	£'000	£'000	£'000	£'000	£'000
Central services to the public		8,547	(5,639)	2,908	20,742	(5,983)	14,759
Cultural and Related Services		25,305	(4,399)	20,906	27,273	(5,990)	21,283
Environmental and Regulatory Services		43,237	(7,030)	36,207	44,936	(6,151)	38,785
Planning Services		13,356	(7,819)	5,537	12,071	(5,340)	6,730
Children's and Education Service		372,074	(273,267)	98,807	389,599	(275,446)	114,153
Highways and transport services		45,147	(29,980)	15,167	34,618	(28,966)	5,652
Local authority housing (HRA) – (reversal of revaluation loss)/ revaluation loss on dwellings		(102,675)	0	(102,675)	(92,623)	0	(92,623)
Local authority housing (HRA) - other		140,887	(185,276)	(44,389)	138,890	(180,019)	(41,129)
Housing services (Non HRA)		326,130	(287,786)	38,344	303,900	(297,909)	5,991
Adult social care		108,253	(21,424)	86,829	138,624	(22,990)	115,635
Public health		30,317	(31,890)	(1,573)	29,960	(31,467)	(1,507)
Corporate and democratic core		3,731	(12)	3,719	1,884	(3,829)	(1,945)
Non distributed costs – other		9,938	0	9,938	45	0	45
COST OF SERVICES		1,024,247	(854,522)	169,725	1,049,919	(864,089)	185,830
Levies				3,844			3,926
Payments to the Government Housing Capital Receipts Pool				2,998			4,965
(Gains)/losses on the Disposal of Non-Current Assets				(17,711)			(42,831)
Adjustment for schools transferring to academy status				44			0
Other income				97			73
Other Operating (Income)/Expenditure				(10,728)			(33,866)
Interest Payable and Similar Charges - other				32,138			29,977
Net interest on the net pensions liability				25,662			28,317
Investment Interest income				(1,623)			(2,586)
Financing and Investment Income and Expenditure				56,177			55,708
Taxation and Non-Specific Grant Income	12c			(416,233)			(414,319)
(SURPLUS) OR DEFICIT ON PROVISION OF SERVICES				(201,059)			(206,647)
Loss / (Gain) on revaluation of non-current assets	31			(467,179)			(53,072)
Actuarial losses / (gains) on pension assets / liabilities	31			170,021			(55,645)
Other Comprehensive (Income) and Expenditure (all of which will not be reclassified subsequently to the surplus on provision of services)				(297,158)			(108,717)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE				(498,217)			(315,364)

MOVEMENT IN RESERVES STATEMENT

The statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (that is 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 the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

The first two tables provide movements on individual usable reserves (for 2013/14 and 2014/15) with one column for all of the unusable reserves.

2014/15	General Fund Balance £'000	General Fund Earmarked Reserves £'000	Housing Revenue Account £'000	HRA Earmarked Reserves £'000	LMS Balances £'000	Capital Receipts Reserve £'000	Major Repairs Reserve (Capital) £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2014 brought forward	(24,874)	(67,329)	(7,843)	(23,236)	(18,644)	(76,094)	(3,127)	(46,481)	(267,628)	(1,283,238)	(1,550,866)
<u>Movement in reserves during 2014/15</u>											
(Surplus) or deficit on the provision of services	3,538	0	(204,597)	0	0	0	0	0	(201,059)	0	(201,059)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	0	(297,158)	(297,158)
Total Comprehensive Income and Expenditure (CIES Pg 18-19)	3,538	0	(204,597)	0	0	0	0	0	(201,059)	(297,158)	(498,217)
Adjustments between accounting basis & funding basis under regulations (Note 29)	(555)	0	199,127	0	0	50,321	(1,702)	(6,789)	240,403	(240,403)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	2,983	0	(5,470)	0	0	50,321	(1,702)	(6,789)	39,334	(537,561)	(498,227)
Transfer to/from Other Reserves (Note 30b)	1,821	0	0	0	(1,821)	0	0	0	0	0	0
Transfers to/from Earmarked Reserves (Note 30c)	(3,545)	3,545	3,276	(3,276)	0	0	0	0	0	0	0
(Increase)/Decrease in 2014/15	1,259	3,545	(2,194)	(3,276)	(1,821)	50,321	(1,702)	(6,789)	39,334	(537,561)	(498,227)
Balance at 31 March 2015 carried forward	(23,615)	(63,784)	(10,037)	(26,512)	(20,465)	(25,773)	(4,829)	(53,270)	(228,284)	(1,820,800)	(2,049,084)

2013/14

	General Fund Balance	General Fund Earmarked Reserves	Housing Revenue Account	HRA Earmarked Reserves	LMS Balances	Capital Receipts Reserve	Major Repairs Reserve (Capital)	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2013 brought forward	(24,666)	(68,039)	(9,996)	(11,151)	(15,689)	(53,916)	(13,468)	(44,944)	(241,869)	(993,639)	(1,235,508)
Movement in reserves during 2013/14											
(Surplus) or deficit on the provision of services	(17,323)	0	(189,324)	0	0	0	0	0	(206,647)	0	(206,647)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	0	(108,719)	(108,719)
Total Comprehensive Income and Expenditure (CIES Pg 18-19)	(17,323)	0	(189,324)	0	0	0	0	0	(206,647)	(108,719)	(315,366)
Adjustments between accounting basis & funding basis under regulations (Note 29)	14,870	0	179,392	0	0	(22,178)	10,341	(1,537)	180,880	(180,880)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(2,453)	0	(9,932)	0	0	(22,178)	10,341	(1,537)	(25,759)	(289,599)	(315,358)
Transfer to/from Other Reserves (Note 30b)	2,955	0	1,996	(1,996)	(2,955)	0	0	0	0	0	0
Transfers to/from Earmarked Reserves (Note 30c)	(710)	710	10,089	(10,089)	0	0	0	0	0	0	0
(Increase)/Decrease in 2013/14	(208)	710	2,153	(12,085)	(2,955)	(22,178)	10,341	(1,537)	(25,767)	(289,599)	(315,358)
Balance at 31 March 2014 carried forward	(24,874)	(67,329)	(7,843)	(23,236)	(18,644)	(76,094)	(3,127)	(46,481)	(267,628)	(1,283,238)	(1,550,866)

BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities held by the Council. The Council's net assets (assets less liabilities) are matched by the reserves it holds. These reserves are shown in two categories – usable and unusable. Usable reserves may be used to provide services subject to statutory limitations and the need to maintain prudent levels of reserves for financial stability. Unusable reserves cannot be used to fund Council services.

	Notes	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000
Property, Plant & Equipment	14a	3,154,626	2,473,035	2,208,070
Heritage Assets		1,083	1,068	888
Intangible Assets	14b	6,320	4,342	2,107
Long-Term Investments	15d	5,048	13,035	54,338
Long-Term Debtors		410	425	446
LONG TERM ASSETS		3,167,487	2,491,905	2,265,849
Inventories		28	5	0
Short Term Debtors	16	169,512	123,094	94,498
Short Term Investments	15a	152,454	249,173	137,920
Cash and Cash Equivalents	35	118,651	71,255	96,924
CURRENT ASSETS		440,645	443,527	328,712
Bank overdraft (Cash and Cash Equivalents)	35	(26,247)	(58,734)	(51,722)
Short Term Borrowing	15a	(9,720)	(9,013)	(7,874)
Short Term Creditors	17	(167,265)	(176,559)	(143,203)
Provisions	23	(15,412)	(10,248)	(6,425)
Grants Receipts in Advance - Revenue	18	(11,751)	(10,422)	(9,940)
Grants Receipts in Advance - Capital	19	(34,153)	(18,975)	(12,629)
CURRENT LIABILITIES		(264,548)	(283,951)	(231,793)
Long Term Creditors	15a	(105,752)	(79,200)	(53,748)
Provisions	23	(2,623)	(2,610)	(3,732)
Long Term Borrowing	15a	(412,717)	(412,718)	(412,717)
Other Long Term Liabilities - IAS19 Pension Liability	26	(767,039)	(591,901)	(646,771)
Grants Receipts in Advance - Capital	19	(6,369)	(14,186)	(10,289)
LONG TERM LIABILITIES		(1,294,500)	(1,100,615)	(1,127,257)
NET ASSETS		2,049,084	1,550,866	1,235,511
Total usable reserves	30	(228,284)	(267,628)	(241,872)
Total unusable reserves	31	(1,820,800)	(1,283,238)	(993,639)
TOTAL RESERVES		(2,049,084)	(1,550,866)	(1,235,511)

These financial statements replace the unaudited financial statements certified by the Chief Financial Officer on 30 June 2015.

Christina Thompson . 30. August 2016 .

Christina Thompson
Chief Financial Officer
London Borough of Lambeth

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

Year Ended 31 March	Notes	2015 £'000	2014 £'000
Net (surplus) or deficit on the provision of services		(201,059)	(206,647)
Adjustments to net surplus or deficit on the provision of services for non cash movements		37,054	(2,053)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		136,321	136,760
Net cash flows from Operating Activities		(27,684)	(71,940)
Investing Activities	32	(54,605)	101,378
Financing Activities	33	2,406	2,613
Net (increase) or decrease in cash and cash equivalents		(79,883)	32,051
Cash and cash equivalents at the beginning of the reporting period		(12,521)	(44,572)
Cash and cash equivalents at the end of the reporting period	35	(92,404)	(12,521)

Adjustment of Net (Surplus) on Provision of Services	2014/15 £'000	2013/14 £'000
Net (Surplus) or Deficit on the Provision of Services	(201,059)	(206,647)
<u>Adjust net surplus or deficit on the provision of services for non cash movements</u>		
Depreciation and amortisation	(53,506)	(44,123)
Impairment and downward valuations	100,606	79,613
(Increase)/Decrease in Creditors	13,739	(35,347)
Increase/ (Decrease) in Debtors	13,978	23,153
(Decrease)/Increase in Inventories	23	5
Accumulated Balances of Schools transferred to Academy Status	44	0
Other adjustments	519	89
Non Cash PFI expenditure	(2,595)	(4,191)
Decrease in Accrued Investment Income	(176)	(1,580)
Pension Liability	(5,118)	(776)
Contributions to/(from) Provisions	(5,177)	(2,702)
Carrying amount of non-current assets sold (property plant and equipment, investment property and intangible assets)	(25,283)	(16,194)
	37,054	(2,053)
<u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u>		
Capital Grants credited to surplus or deficit on the provision of services	93,031	77,051
Proceeds from the sale of property plant and equipment, investment property and intangible assets	43,290	59,709
	136,321	136,760
Net Cash Flows from Operating Activities	(27,684)	(71,940)

NOTES TO THE ACCOUNTS (GENERAL)

1. Statement of Accounting Policies

A. Basis of Preparation

The Accounts and Audit (England) Regulations 2011 require the Council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2014/15, these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code)
- the Service Reporting Code of Practice 2014/15 (SeRCOP)
- 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 bases. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- 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. Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The historical cost convention has been applied, modified by the fair valuation of the following material categories of non-current assets and certain financial instruments:

Class of Assets	Valuation Basis
Property, Plant and Equipment: Dwellings	Existing use value for social housing
Property, Plant and Equipment: Other Land and Buildings	Existing use value; and depreciated replacement cost in the case of specialised assets such as schools
Pensions Assets	Fair values based on the following: <ul style="list-style-type: none"> • quoted securities – current bid price • unquoted securities – professional estimate • unitised securities – current bid price • property – market value.

The Statement of Accounts has been adjusted to reflect events after 31 March 2015 and before the date the Statement was authorised for issue (date awaited) only where the events provide evidence of conditions that existed at 31 March.

B. Adjustments Between Accounting Basis and Funding Basis

The resources available to the Council in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement so that usable reserves reflect the funding available at the year-end. Unusable reserves are created to manage the timing differences between the accounting and funding bases. The material adjustments are:

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Property, Plant and Equipment	Depreciation and revaluation/impairment losses	Annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance	Capital Adjustment Account
Intangible Assets	Amortisation and impairment		Capital Adjustment Account
Investment Properties	Movements in fair value		Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in 2014/15		Capital Adjustment Account

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in 2014/15 or were received in 2014/15 without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2015) Capital Adjustment Account (other amounts)
Non-Current Asset Disposals	Gain or loss based on sale proceeds less carrying amount of asset (net of costs of disposal)	No charge or credit in respect of carrying amount. The sales proceeds are taken to the Capital Receipts Reserve.	Capital Adjustment Account (carrying amount) Capital Receipts Reserve (sale proceeds and costs of disposal) Deferred Capital Receipts Reserve (where sale proceeds have yet to be received)
Financial Instruments	Premiums payable and discounts receivable on the early repayment of borrowing in 2014/15	Deferred debits and credits of premiums and discounts from earlier years in accordance with the 2003 Regs	Financial Instruments Adjustment Account
Pensions Costs	Movements in pensions assets and liabilities (see Policy 10) being the aggregate of service costs, net interest costs and actuarial gains and losses.	Employer's pensions contributions payable and direct payments made by the Council to pensioners for 2014/15	Pensions Reserve
Council Tax	Accrued income from 2014/15 bills	Demand on the Collection Fund for 2014/15 plus share of estimated surplus at 31 March 2014	Collection Fund Adjustment Account
Business Rates	Accrued income from 2014/15 bills	Precept from the Collection Fund for 2014/15	Collection Fund Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2015	No charge	Accumulated Absences Adjustment Account

C. Financial Instruments

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

Financial assets are classified into two types: loans and receivables and available-for-sale assets. During the current and prior year, the Council held only loans and receivables – these are assets that have fixed or determinable payments but are not quoted in an active market.

Loans and receivables and financial liabilities are carried at their amortised cost. Annual debits and credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable and receivable are based on the carrying amount of the instrument, multiplied by its effective rate. For all the instruments that the Council holds, this means that the amount presented in the Balance Sheet is the outstanding principal repayable or receivable (plus accrued interest); and interest debited/credited to the CIES is the amount payable for the year according to the instrument agreement.

Changes in the fair value of financial assets that have fixed or determinable payments and are not quoted in an active market (loans and receivables) are not recognised in the Balance Sheet as they arise but are debited or credited to the Financing and Investment Income and Expenditure line in the CIES when the instrument matures or is sold. However, where loans and receivables become impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the carrying amount of the instrument is written down in the Balance Sheet to the present value of the revised future cash flows discounted at the original effective interest rate and the loss is debited to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the CIES.

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.

E. Intangible Assets

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

Intangible assets are measured at cost.

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

F. Leases

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

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

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Property, plant and equipment held by the Council under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Premiums paid on entry into a lease are applied to writing down the lease liability. Subsequent payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability
- financing charges and contingent rents (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Rentals paid by the Council under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal, with the gain/loss attributable to the difference between the carrying amount of the asset and the Council's net investment in the lease being credited/debited to the Other Operating Expenditure line in the CIES. The net investment in the lease is recognised as a lease asset in the Balance Sheet, net of any premium paid. Lease rentals receivable are apportioned between:

- a credit for the disposal of the interest in the property – applied to write down the lease asset
- finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

G. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of Service Reporting Code of Practice. The total absorption costing principle is used – the full cost of overheads and support services is shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

H. Post-Employment Benefits

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

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

The NHS and Teacher's Schemes provide defined benefits to members. However, Scheme arrangements mean that liabilities for these benefits cannot be attributed to the Council. The Schemes are therefore accounted for as if they were defined

contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services and Public Health lines in the Comprehensive Income and Expenditure Statement is charged respectively with the employer's contributions payable to Teachers' and NHS Pensions in the year.

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

- the liabilities of the Lambeth and London Pension Funds attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method
- liabilities are discounted to their value at current prices using a discount rate of 3.2% (4.3% in 2013/14) which is based on the indicative rate of return available on a basket of AA-rated bonds with long terms to maturity (the iBoxx AA rated over 15 year corporate bond index)
- the assets of the Lambeth and London Pension Funds attributable to the Council are included in the Balance Sheet at their fair value as set out in Policy A.

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

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

I. Property, Plant and Equipment

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

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

Certain categories of Property, Plant and Equipment are measured subsequently at fair value – see Policy A for details. Other assets (infrastructure, community assets and assets under construction) are carried at depreciated historical cost. Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

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

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

Assets are assessed at each year-end as to whether there is any indication that items may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for in the same way as revaluation losses.

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Useful Economic Lives

Asset Category	Useful Economic Life
Council Dwellings	60 Years
Other Land & 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	10 – 100 years depending on type of heritage asset
Intangible assets	Amortised over 4 years

The periods over which assets are depreciated are determined by the valuer on an asset by asset basis and range from two to 999 years. 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.

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.

J. Private Finance Initiative and Similar Contracts

As the Council is deemed to control the services that are provided under its PFI contracts, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the assets used are recognised on the Balance Sheet as part of Property, Plant and Equipment.

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

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

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

K. Provisions

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

L. Termination Benefits

Termination benefits are charged on an accruals basis to the appropriate service (or to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement where they relate to pensions enhancements) 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.

M. Changes in Accounting Policies

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

CIPFA has clarified accounting for school assets. Previously, the Council had not treated foundation school assets as part of the Group Boundary, even when it had consolidated the rest of their accounts, in-line with Government regulation. However, after reviewing the situation, it was determined that as the Board of Governors own the Assets and the school itself is consolidated, removing the double count of the transactions, that the Assets should also be consolidated. It was reasonable to assume that the Governors would not deny access to the school facility. The Council does not consolidate Academies as they are consolidated via the Department of Education. It also does not consolidate the assets of Diocese schools as there is

always a possibility that the school might be used for another purpose, however unlikely, whereas the Board of Governors exist for the sole purpose of supporting the school and protecting the school assets and children's welfare. This meant an increase in the 2013/14 and 2014/15 Property, Plant & Equipment balances of £67.0m, with corresponding increases to the Capital Adjustment Account (within Unusable Reserves).

N. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in a specified period, no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

O. Reserves

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

P. Rounding

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

2. Critical Judgements and Assumptions

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

Items in the Council's Balance Sheet at 31 March 2015 for which there is a risk of material adjustment in the forthcoming financial year include pensions liabilities, property, plant and equipment valuations, insurance provisions and bad debt provisions.

Critical judgements made in the Statement of Accounts are:

Future of Local Government

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Bad Debt Provisions

Unless, there are compelling reasons for an alternative method, total collectible income is calculated by applying the average collection rates of aged debt on a year by year basis to the last 6 years of arrears. The difference between debt and collectible income becomes the amount of bad debt provision required.

Provisions and Contingent Liabilities

The rules in IAS 37: Provisions, Contingent Liabilities and Contingent Assets, determine whether a provision or contingent liability should be recognised in the accounts. The interpretation of the rules is particularly challenging with respect to legal cases as a judgement needs to be made as to the outcome of litigation. The experience of the Council's internal legal function is utilised to determine how current legal cases are likely to conclude and the possible financial impact of the outcome of the case. The largest single element of Provisions is that which relates to the Insurance Fund, explained further below.

Insurance Fund

The Council holds a fund of £13m in total to act as a means to self-insurance. This is split between a consideration of £5.5m held in provisions to deal with post-1992 claims, which are deemed to be more robustly understood and quantifiable, and a reserve of £7.5m to deal with pre-1992 claims, which is based more on judgement as to a reasonable level to hold. These figures are informed by an actuarial valuation of liabilities, which showed a total fund requirement of £14m (13/14 £16m).

Restructures and Redundancies

The Council has plans to make further savings in 2015/16 and beyond. A provision has not been made because a constructive obligation did not exist at 31 March 2015 as the Council had not communicated its decision to those affected in sufficient detail.

Instead, the Council has set aside a prudent earmarked reserve intended to cover the future impact of decisions taken in 2015/16 regarding the future size and structure of the organisation.

Property valuations

Properties are subject to full valuation by a qualified valuer under a rolling programme at least once every five years. Where there has been significant works carried out to the asset during the year, the asset is subject to a full valuation on completion of those works. At the balance sheet date, all assets with carrying value over £1 million are subject to a further desktop valuation. The valuation in 2014/15 was conducted by our new external valuers, the District Valuer Services, for the schools' portfolio, and by Wilks Head and Eve LLP for the remaining fixed assets. The effective date for the valuation was 31 March 2016.

Service Concessions

The Council is deemed to control the services provided under the following PFI agreements. 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. The values are shown below: -

- Myatt's Field North (£31m)
- Norwood Health and Leisure Centre (£14.4m)
- Lilian Baylis School (£25.7m)
- Waste Management (£5.6m)
- Lambeth Lighting (£12.3m)

Group Accounts

The Council has considered the relationships it has with other entities, and has determined that Group Accounts do not need to be produced because, where the Council has control over other entities, these entities are individually and in aggregate immaterial and therefore Group Accounts would not be materially different to the Council's financial statements.

Pensions Liabilities

Estimation of the net liability to pay pensions depends on a number of complex judgements agreed with the Council's actuaries, Hymans Robertson LLP.

The sensitivities regarding the principal assumptions used to measure the pension liability in respect of the Lambeth scheme are set out in the table below:

	Approx. increase to pension liability		Approx. increase to monetary amount	
	LPFA %	Lambeth %	LPFA £'000	Lambeth £'000
1 year increase in member life expectancy	3	3	2,619	55,157
0.5% increase in salary increase rate	<1	2	243	42,010
0.5% increase in pension increase rate	7	7	5,310	129,886
0.5% decrease in real discount rate	7	10	5,505	174,733

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

The sensitivity analyses above have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method.

Property Valuations

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

The HRA residential portfolio was valued as a desktop review utilising a beacon methodology. In order to value the whole portfolio, it was necessary to research a number of information sources. These include sales of directly comparable property, changes of income flow for non-residential HRA property, information available at a local level showing house price movement plus regional and National Indices.

Termination benefits

These are covered above under "restructures and redundancies."

3. Post Balance Sheet – Significant Change of Governance

The Housing Arm's Length Management Organisation (ALMO), Lambeth Living, reintegrated with the Council as at June 26th 2015. The new Director has been appointed and was also the Chief Executive of the ALMO as at the Balance Sheet Date.

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

3. Amounts Reported for Resource Allocation Decisions (Segment Reporting)

The analysis of income and expenditure by service on the face of the CIES is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across departments. For the purpose of the initial budget and reports during the year, these reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisation are charged to services in the CIES)
- the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year

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

The income and expenditure of the Council's departments and other groupings reported separately are recorded in the budget reports for the year are set out below. Other groupings are expenditure where there is no recourse to public funds (NRPF) and certain corporate items where budgets are not delegated to departments (Corporate Items).

3a. Departmental Income and Expenditure

2014/15	Commi- ssioning £'000	Delivery £'000	Enabling £'000	Business Develop- ment £'000	NRPF £'000	Total Services for GF £'000	HRA £'000	Total Council £'000
Fees, Charges & Other Service Income	(7,632)	(108,058)	(5,431)	(414)	(1)	(121,536)	(177,547)	(299,083)
Government Grants	(27,413)	(251,941)	(268,356)	0	0	(547,710)	(7,729)	(555,439)
Total Income	(35,045)	(359,999)	(273,787)	(414)	(1)	(669,246)	(185,276)	(854,522)
Employee Expenses	3,392	249,011	10,088	1,697	635	264,823	3,194	268,017
Other Service Expenses	51,425	329,824	292,545	4,180	3,666	681,640	167,499	849,139
Support Service Recharges	1,763	26,341	1,173	56	101	29,434	12,390	41,824
Total Expenditure	56,580	605,176	303,806	5,933	4,402	975,897	183,083	1,158,980
Net Expenditure	21,535	245,177	30,019	5,519	4,401	306,651	(2,193)	304,458

2013/14	Commi- ssioning £'000	Delivery £'000	Enabling £'000	Business Develop- ment £'000	NRPF £'000	Corpora te Items £'000	Total General Fund £'000	HRA £'000	Total Council £'000
Fees, Charges & Other Service Income	(10,594)	(94,638)	(20,579)	(823)	0	(5,273)	(131,907)	(172,323)	(304,230)
Government Grants	(29,443)	(253,125)	(274,773)	(32)	0	0	(557,373)	(7,729)	(565,102)
Total Income	(40,037)	(347,763)	(295,352)	(855)	0	(5,273)	(689,280)	(180,052)	(869,332)
Employee Expenses	8,314	243,809	37,688	6,407	400	1,677	298,295	7,302	305,597
Other Service Expenses	59,032	336,950	319,245	4,785	5,259	(240)	725,031	163,171	888,202
Support Service Recharges	6,069	48,103	(62,148)	(10,334)	84	0	(18,226)	9,735	(8,491)
Total Expenditure	73,415	628,862	294,785	858	5,743	1,437	1,005,100	180,208	1,184,583
Net Expenditure	33,378	281,099	(567)	3	5,743	(3,836)	315,820	156	315,976

3b. Reconciliation of Departmental Income & Expenditure to Cost of Services in the CIES

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the CIES.

	2014/15 £'000	2013/14 £'000
Net expenditure in the Directorate Analysis	304,458	315,976
Less: Amounts included in Directorate Analysis but not in Cost of Services	(144,980)	(117,484)
Add: Amounts not reported to management but included in Cost of Services	10,244	(12,655)
Cost of Services in CIES	169,725	185,830

3c. Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014/15	Directorate Analysis in Detail	HRA Statutory Mitigation Items	Amts not Reported to Mgt, but incl'd in Cost of Services	Cost of Services	Amounts included in CIES but below Net Cost Of Services	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Customer and Client Receipt	(299,083)			(299,083)	97	(298,986)
Interest & Investment Income				0	(1,623)	(1,623)
Miscellaneous and Collection Fund estimates				0	2,162	2,162
Government Grants	(555,439)			(555,439)		(555,439)
Capital Grants and Contributions				0	(82,565)	(82,565)
Non-Specific Government Grants				0	(22,759)	(22,759)
Income from Council Tax				0	(95,679)	(95,679)
Non-domestic rates redistribution				0	(217,392)	(217,392)
Total income	(854,522)	0	0	(854,522)	(417,759)	(1,272,281)
Employee Expenses	268,640	(623)	643	268,660		268,660
Other Service Expenditure	803,507	(45,824)	306	757,989	44	758,033
Corporate MIR items				0		0
Support Service Recharges	41,809			41,809		41,809
Depreciation, amortisation and impairment	45,025	(98,533)	9,295	(44,213)		(44,213)
Interest Payments				0	32,138	32,138
Levies				0	3,844	3,844
Pensions interest cost less return on assets				0	25,662	25,662
Payments to Housing Capital Receipts Pool				0	2,998	2,998
(Gain) or Loss on Disposal of Fixed Assets				0	(17,711)	(17,711)
Total expenditure	1,158,981	(144,980)	10,244	1,024,247	46,975	1,071,221
(Surplus) or deficit on the provision of Services	304,461	(144,980)	10,244	169,725	(370,784)	(201,059)

2013/14	Directorate Analysis in Detail	HRA Statutory Mitigation Items	Amts not Reported to Mgt, but incl'd in Cost of Services	Cost of Services	Amounts included in CIES but below Net Cost Of Services	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Customer and Client Receipt	(298,895)			(298,895)	73	(298,822)
Interest & Investment Income	(2,586)		2,586	0	(2,586)	(2,586)
Miscellaneous and Collection Fund estimates	(2,749)		2,749	0		0
Government Grants	(565,106)			(565,106)		(565,106)
Capital Grants and Contributions				0	(64,462)	(64,462)
Non-Specific Government Grants			(88)	(88)	(20,336)	(20,424)
Income from Council Tax				0	(87,578)	(87,578)
Non-domestic rates redistribution				0	(241,942)	(241,942)
Total Income	(869,336)	0	5,247	(864,089)	(416,831)	(1,280,920)
Employee Expenses	305,985	(386)	(1,502)	304,097		304,097
Other Service Expenditure	869,358	(45,337)	(4,867)	819,154		819,154
Corporate MIR items				0		0
Support Service Recharges	(8,492)		6,947	(1,545)		(1,545)
Depreciation, amortisation and impairment	(26)	(71,761)		(71,787)		(71,787)
Interest Payments	18,480		(18,480)	0	29,977	29,977
Levies				0	3,926	3,926
Pensions interest cost less return on assets				0	28,317	28,317
Payments to Housing Capital Receipts Pool				0	4,965	4,965
(Gain) or Loss on Disposal of Fixed Assets				0	(42,831)	(42,831)
Total expenditure	1,185,305	(117,484)	(17,902)	1,049,919	24,354	1,074,273
(Surplus) or deficit on the provision of Services	315,969	(117,484)	(12,655)	185,830	(392,477)	(206,647)

4. Material Items of Income and Expense

Revaluation Loss and Impairment

In 2014/15 there was a net reversal of a revaluation loss of £102.7m in 2014/15 recorded in the HRA as a result of uplift in property values. In 2013/14 there was a similar net reversal of revaluation loss of £92.6m for identical reasons. Similarly in schools in 2014/15 there was a net reversal of revaluation loss of £36.3m.

5. Parking Places Revenue Account

Surpluses made on the **Parking Places Revenue Account** must only be used on defined transport schemes, unless deficits have been incurred in the previous four financial years, in which case the contributions made by the General Fund can be recovered. Parking income has been generated from on and off street parking, permits and enforcement activities.

	2014/15 £'000	2013/14 £'000
Income	(25,547)	(24,680)
Expenditure	17,371	18,105
(Surplus)/Deficit for the year	(8,177)	(6,575)

Use of Surplus

	2014/15	2013/14
Revenue Contribution to Capital	2,500	2,500
Road Safety	345	170
Other Highways Expenditure	785	1,064
Structural Maintenance inc. Footways & Carriageways	92	1,079
Concessionary Fares	4,200	0
Transport Planning	93	1,453
Aids to Movement, Furniture & Fittings	220	23
Other Contributions to Transport Related Works	0	307
	8,235	6,596
(Surplus) / Deficit for year	58	21

6. Building Operations Trading Account

Certain activities performed by the Building Control Unit are charged for, such as providing general advice and liaising with other statutory authorities. The table shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

	2014/15			2013/14		
	Chargeable £'000	Non- Chargeable £'000	Total £'000	Chargeable £'000	Non- Chargeable £'000	Total £'000
Expenditure						
Employees	392	168	560	401	172	573
Premises	1	1	2	0	0	0
Transport	2	1	3	1	0	1
Supplies & Services	20	9	29	186	80	266
Third Party Payments	0	0	0	0	0	0
Central & Support Charges	148	63	211	160	69	229
	563	242	805	748	321	1,069
Income						
Building Regulations Charges	(656)	0	(656)	(847)	0	(847)
(Surplus)/Deficit for the Year	(93)	242	149	(99)	321	222

7. ALMO – Arm's Length Management Organisations

Lambeth Living Ltd (LL), a company limited by guarantee and wholly owned by the Council, was established on 1 July 2008 with responsibility for managing the Council's housing stock. The properties managed by the ALMO remain within the Housing Revenue Account (HRA). Budgets for maintenance of housing stock and capital schemes are delegated to the ALMO acting as agent for the Council. The management fee paid to Lambeth Living Ltd in 2014/15 was £23,843,041 (£23,683,700 in 2013/14) in addition, a further £2,322,000 (£2,279,000 in 2013/14) was provided for the Capital Delivery Team. Upon creation

of the ALMO, a number of staff were transferred from the Council, and the Council undertook to guarantee the funding shortfall, if any, accrued in relation to pension benefits up to the day that the transfer occurred. In line with the IAS 19 report produced by the actuary for Lambeth Living the value of this guarantee included in the Balance Sheet as at 31 March 2015 is £8m (£4m as at 31 March 2014).

The Council is of the view that there is no requirement to incorporate LL's accounts in group accounts because it acts as an agent of the Council, having no material fixed assets of its own, and earning no material income other than the management fee that the Council pays it. Thus, any group accounts would not be significantly different from those of the single entity accounts.

8. Members' Allowances

	2014/15 £'000	2013/14 £'000
Members' Allowances	1,157	1,140
Travel Allowance/Subsistence*	0	1
	1,157	1,141

9a. Officers' Remuneration

Name and Title	Year	Salary, Fees & Allowances £	Expense Allowances £	Total Remuneration excl employers' pension contributions £	Employers' pension contributions £	Election Payment (incl pension) £	Total Remuneration incl employers' pension contributions £
Derrick Anderson¹ Chief Executive	14/15 13/14	194,806 193,075	0 33	194,806 193,108	24,327 32,437	15,460 1,000	234,593 226,544
Mike Suarez² Executive Director – Finance & Resources	13/14	50,730	0	50,730	8,523	0	59,253
Guy Ware³ Strategic Director, Enabling	14/15 13/14	155,190 136,589	0 74	155,190 136,664	26,072 22,947	0 0	181,262 159,611
Deborah Jones⁴ Executive Director – Children & Young People's Service	13/14	69,337	84	69,421	11,719	0	81,139
Joan Cleary⁵ Executive Director – Adult & Community Services	13/14	78,597	0	78,597	0	0	78,597
Helen Charlesworth- May Strategic Director - Commissioning	14/15 13/14	152,190 136,589	0 21	152,190 136,610	25,568 22,947	0 0	177,758 159,557
Susan Foster Executive Director – Housing, Regeneration & Environment	14/15 13/14	152,190 152,579	0 0	152,579 152,579	25,568 25,568	0 0	177,758 178,147
Dr. Ruth Wallis⁶ Joint Health Executive Director -Lambeth and Southwark	14/15 13/14	150,577 150,577	0 0	150,577 150,577	19,329 19,329	0 0	169,906 169,906
Craig Tunstall⁷ Federation of Kingswood & Elmwood Primary Schools and Children's Centres	14/15 13/14	279,922 269,635	0 0	279,922 269,635	39,463 36,609	0 0	319,385 306,243

1. Derrick Anderson left the Council in December 2014. New Chief Executive started on the 1st April 2015.

2. Mike Suarez resigned as Executive Director – Finance & Resources on 31 July 2013.

3. Guy Ware joined 2 September 2013 replacing Mike Suarez who had an annualised salary of £152,190. The figures include his earning in a previous Lambeth post before appointment. Guy Ware acted up as Chief Executive up till March 2015

4. Deborah Jones resigned as Executive Director – Children & Young People's Service on 15 September 2013.

5. Joan Cleary resigned as Executive Director – Adult & Community Services on 31 October 2013.

6. Ruth Wallis joined the Council on 1 April 2014. The post is shared equally with LB Southwark, and the Council's share of total remuneration and contribution to the pension fund is £75,289 and £9,665 respectively. This is based on information Lambeth obtained from Southwark.

7. Craig Tunstall is included, despite being a school employee, due to the nature of schools that are not academies nor free schools falling within the Group Boundaries of local government. These group boundaries are defined by regulation and interpreted by Chartered Institute of Public Finance & Accountancy (CIPFA).

9b. Remuneration Details – Higher Earners

The remuneration of the Council's other employees receiving £50,000 or more, excluding pension contributions, is shown below in bands of £5,000.

Remuneration band	Number of employees	
	2014/15	2013/14
£50,000 - £54,999	206	164
£55,000 - £59,999	104	107
£60,000 - £64,999	56	49
£65,000 - £69,999	34	37
£70,000 - £74,999	28	37
£75,000 - £79,999	24	18
£80,000 - £84,999	14	16
£85,000 - £89,999	14	8
£90,000 - £94,999	8	4
£95,000 - £99,999	4	10
£100,000 - £104,999	6	3
£105,000 - £109,999	2	1
£110,000 - £114,999	5	6
£115,000 - £119,999	3	3
£120,000 - £124,999	2	2
£125,000 - £129,999	0	2
£130,000 - £134,999	0	0
£135,000 - £139,999	0	0
£140,000 - £144,999	1	1
£145,000 - £149,999	0	0
£150,000 - £154,999	0	0

9c. Exit Packages

Exiting Package cost band (including special payments) £	Number of compulsory redundancies		Number of other Departures agreed		Total Number of Exit packages by cost band		Total Cost of Exit Packages in each band £	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
0 – 20,000	7	45	88	104	95	149	758,859	1,165,154
20,001 – 40,000	7	6	11	21	18	27	515,143	735,269
40,001 – 60,000	5	3	5	0	10	3	494,967	133,803
60,001 – 80,000	2	0	3	0	5	0	352,944	0
80,001 – 100,000	0	0	3	0	3	0	269,231	0
100,001 – 150,000	2	0	4	0	6	0	649,101	0
150,001 – 200,000	0	0	2	0	2	0	337,090	0
200,001 – 250,000	0	0	1	0	1	0	223,152	0
250,000+	0	0	1	0	1	0	257,586	0
Total cost of exit package before provision	23	54	118	125	141	179	3,858,073	2,034,227

The total cost of £3,858,073 (£2,034,226 in 2013/14) includes £545,254 (£379,233 in 2013/14) for exit packages that have been agreed and charged to the authority's Comprehensive Income and Expenditure Statement in the current year but will not be paid until 2015/16.

10. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and the Lambeth Pension Fund Annual Report, certification of grant claims and to non-audit services provided by the Council's external auditors, Deloitte LLP:

	2014/15 £'000	2013/14 £'000
Fees with regard to external audit services carried out by the appointed auditor for the year	277	282
Fees for the certification of grant claims and returns for the year	42	68
Fees for the audit of the Lambeth Pension Scheme Annual Report	21	21
Fees for non-audit services	14	57
	354	428

11. Publicity Expenditure

The Council's Publicity Expenditure is set out below:

	2014/15 £'000	2013/14 £'000
Advertising	907	433
Recruitment Advertising	312	468
	1,219	901

12. Grant Income, Contributions and Taxation

12a. Other Revenue Grant Income

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

	2014/15 £'000	2013/14 £'000
Education Services Grant	(3,903)	(3,954)
Emergency Support Service - Social Fund	(1,896)	(1,924)
New Homes Bonus & New Homes Bonus Top Slice	(8,633)	(7,168)
Troubled Families Grant	(1,945)	(1,585)
Grants Under £1.5m	(6,383)	(5,705)
Sub Total Taxation and Non Specific Grant Income	(22,759)	(20,336)
Credited to Services (Government Grants)		
Adult and Community Learning	(2,299)	(2,037)
Dedicated Schools Grant	(217,305)	(217,757)
Discretionary Housing Payments	(1,698)	(1,817)
DWP Subsidy Administration Grant	(3,377)	(4,065)
Housing and Council Tax (Benefit and Subsidy)	(261,925)	(263,589)
PFI Lilian Baylis PFI Project - DfE Grant	(1,931)	(2,440)
PFI Support Grant Income - Lambeth Myatts Field North HRA PFI Project	(7,729)	(7,729)
PFI Support Grant Income - Gracefield Gardens & Street Lighting	(1,727)	(1,727)
Public Health Grant	(26,437)	(25,438)
Pupil Premium	(15,588)	(12,425)
YPLA (LSC) 6th Form Grant	(5,950)	(5,644)
Other Government Grants - Revenue (under £1.5m)	(10,496)	(8,328)
Other non -Government Grants - Revenue	(113)	(174)
Focussed Extended Funding	0	(3,273)
Contributions from Health	(11,606)	(12,720)
Schools-Income from other Local Authorities	(2,450)	0
Schools - Catering, Facilities & Services	(11,796)	(10,337)
S.106	(1,738)	(1,754)
Other Contributions under £1.5m	(3,622)	(15,246)
Grand Total	(610,547)	(616,836)

12b. Capital Grants and Contributions

The Council credited the following capital grants and contributions to the Comprehensive Income and Expenditure Statement in 2014/15: -

Credited to Taxation and Non Specific Grant Income	2014/15 £'000	2013/14 £'000
Transport for London	(4,198)	(5,469)
Section 20 Receipts	(5,403)	(6,286)
Standard Fund	(17,621)	(17,266)
Outer London Fund	(175)	(1,856)
S106 developers' contributions	(2,173)	(2,935)
Other Grants - Capital (under £1.5m)	(805)	(510)
Decent Homes Backlog Funding	(52,016)	(30,141)
Heritage Lottery Brockwell Park	(175)	0
Sub Total Taxation and Non Specific Grant Income	(82,564)	(64,463)

Credited to Services	2014/15 £'000	2013/14 £'000
Heritage Lottery Fund	(387)	(1,976)
Transport for London	(8)	(334)
Standards Fund	(6,935)	(9,238)
S106 developers' contributions	(2,460)	(474)
Other Grants-Capital (under 1.5m)	(676)	(1,407)
Credited to Services	(10,466)	(13,429)
Total	(93,031)	(77,891)

12c. Breakdown of Taxation and Non-Specific Grant Income

	2014/15 £'000	2013/14 £'000
Capital grants and Contributions – other (see note 12b)	(82,564)	(64,463)
Council Tax income	(93,507)	(87,578)
NNDR Retained Income	(33,381)	(32,575)
Revenue Support Grant	(119,880)	(146,450)
Top-Up grant – business rates retention scheme	(64,142)	(62,917)
Other Non service related government grants (see note 12a)	(22,759)	(20,336)
Taxation and Non-Specific Grant Income	(416,233)	(414,319)

13. Related Parties

There were no outstanding balances at the year end unless otherwise stated.

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills and housing benefits). Details of transactions with government departments are set out in note 12. Revenue and capital grants which have not yet been credited to the Comprehensive Income and Expenditure Statement are shown in notes 18 and 19 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 16 and 17.

Members

Members of the Council have direct control over the Council's financial and operating policies. During 2014/15 £7,246,044 (£2,032,145 in 2013/14) was paid to organisations in which 16 members (5 members in 2013/14) were on the governing

body. 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 8 on allowances paid to members.

Officers

During 2014/15 the wife of Strategic Director – Enabling provided freelance training services contracted by the Council through Edge for the training of Social Workers in Mental Health and was paid £1,200.

Other Public Bodies

In addition, the Council paid £14,207,474 (£14,724,474 in 2013/14) to Western Riverside Waste Authority in respect of waste disposal charges and £1,754,293 (2012/13 £1,712,964) 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 16 and 17. The Council had deposits at 31 March 2014 with other local authorities of £85,000,000 (£63,530,000 in 2013/14) and the UK Debt Management Office of £0 (£61,000,000 in 2013/14).

The Council has borrowing (including accrued interest) of £419,592,685 (£419,526,760 2013/14) with the Public Works Loan Board (PWLB). Interest payable on these loans was £23,064,853.37 (£22,934,145 in 2013/14). The Waste Authority and PWLB are under common control of central government.

The Council paid £26,164,956 (£23,683,700 in 2013/14) to Lambeth Living Ltd (a subsidiary of the Council) in respect of management fees. Further information is given in Note 7. Amounts due from Lambeth Living were £17,514,653 (£5,979,000 in 2013/14) and amounts due to Lambeth Living were £6,850,849 (£3,325,000 in 2013/14).

Material transactions with the Pension Fund are disclosed in the Pension Fund accounts. The Fund owed the Council £7.3m as at 31 March 2015 (£11.9m as at 31 March 2014). During the year, no trustees or Council Chief Officers with direct responsibility for the Pension Fund have undertaken transactions with the Pension Fund. The Council charged the fund £1.02m for expenses incurred in administering the fund. Details are in the Pension Fund Accounts.

NOTES TO THE BALANCE SHEET

14a. Property, Plant and Equipment

Balances at 31 March	Council Dwellings		Other Land and Buildings		Vehicles, Plant, Furniture & Equipment		Infrastructure Assets		Community Assets		Surplus Assets		Assets Under Construction		Total	
	£'000	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	£'000
Cost or Valuation	1,998,860	1,586,554	967,183	641,316	81,891	75,642	195,366	178,604	13,495	10,129	11,116	24,971	6,345	61,395	2,578,611	
Accumulated Depreciation	(50)	(33)	(5,171)	(9,024)	(61,107)	(51,953)	(52,512)	(43,990)	(702)	(509)	(88)	(70)	0	0	(105,579)	
Carrying Amount	1,998,810	1,586,523	962,012	632,292	20,784	23,689	142,854	134,614	12,793	9,621	11,028	24,901	6,345	61,395	2,473,035	
Owned	1,968,506	1,586,523	938,680	617,892	15,144	20,455	130,537	121,945	12,793	9,621	11,028	24,901	6,345	8,092	2,389,429	
Finance Lease	0	0	0	0	5,640	3,234	0	0	0	0	0	0	0	0	3,234	
PFI	30,304	0	23,332	14,400	0	0	12,317	12,669	0	0	0	0	0	53,303	80,372	
Carrying Amount	1,998,810	1,586,523	962,012	632,292	20,784	23,689	142,854	134,614	12,793	9,621	11,028	24,901	6,345	61,395	2,473,035	
Movements in Carrying Amount																
	£'000	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	£'000
At 1 April	1,586,523	1,385,948	632,292	550,024	23,689	25,394	134,614	119,559	9,621	8,638	24,901	28,002	61,395	90,505	2,473,035	2,208,070
Reclassifications	65,011	0	(3,422)	86,364	0	0	0	0	4,455	0	5,300	0	(71,344)	(86,364)	0	0
Additions	102,801	93,254	40,489	11,300	6,249	5,468	18,074	22,202	3,188	1,153	0	0	21,528	59,134	192,329	192,511
Revaluations	289,385	139,166	311,220	(2,624)	0	0	0	0	(4,278)	0	(11,314)	1,769	0	0	585,013	138,311
Depreciation	(20,735)	(17,018)	(14,036)	(12,015)	(9,154)	(7,173)	(8,522)	(7,147)	(193)	(171)	(522)	(474)	0	0	(53,162)	(43,998)
Impairments	(8,042)	(3,785)	(315)	0	0	0	(1,312)	0	0	0	0	0	(5,235)	(1,880)	(14,904)	(5,665)
Disposals and Decommissioning	(16,133)	(11,042)	(3,709)	(541)	0	0	0	0	0	0	(6,442)	(406)	0	0	(26,284)	(11,989)
Assets reclassified (to) / from Held for Sale	0	0	(507)	(216)	0	0	0	0	0	0	(895)	(3,990)	0	0	(1,402)	(4,206)
At 31 March	1,998,810	1,586,523	962,012	632,292	20,784	23,689	142,854	134,614	12,793	9,621	11,028	24,901	6,345	61,395	3,154,626	2,473,035

14b. 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 licences. 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:

	2014/15 Software Licences £'000	2013/14 Software Licences £'000
Balance at start of year:	4,342	2,107
· Gross carrying amounts	8,255	5,897
· Accumulated amortisation	(3,913)	(3,790)
Net carrying amount at start of year	4,342	2,107
Additions:		
· Purchases	2,322	2,358
· Amortisation for the period	(344)	(123)
Net carrying amount at end of year	6,320	4,342
Comprising:		
· Gross carrying amounts	10,577	8,255
· Accumulated amortisation	(4,257)	(3,913)
Balance at end of year	6,320	4,342

14c. Rolling Revaluation

All the Council's property assets are valued annually on a desktop basis, with each asset having a full valuation at least every five years. Valuations are reflected as at the balance sheet date. Properties are included in the Balance Sheet as per the Statement of Asset Valuation Principles and Guidance notes issued by the Royal Institute of Chartered Surveyors (RICS) and the Stock Valuation for Resource Accounting issued by Communities and Local Government (CLG).

14d. Capital Expenditure and Capital Financing

Capital Financing Requirement	2014/15 £'000	2013/14 £'000
Opening Capital Financing Requirement	606,697	572,150
<i>Capital Investment</i>		
Property, Plant and Equipment	192,329	192,471
Heritage Assets	15	180
Intangible Assets	2,322	2,358
Revenue Expenditure Funded from Capital under Statute	12,746	15,954
Sources of Finance		
Capital Receipts Recycled 141	(125)	0
Capital Receipts	(34,730)	(31,901)
Government grants and other contributions	(29,593)	(42,317)
Decent Homes	(52,016)	(30,140)
Major Repairs Reserve	(28,268)	(35,197)
S106 contributions	(4,628)	(3,370)
Direct revenue contributions	(89)	(131)
Sums set aside from revenue	(17,918)	(14,790)
MRP / loans principal	(11,121)	(18,569)
Capital Receipts set aside – regulation 23 (b)	(55,476)	0
Closing Capital Financing Requirement	580,145	606,697
Explanation of movements in year		
Increase (decrease) in underlying need to borrow	(58,001)	6,791
Assets acquired under PFI/PPP contracts	31,449	27,756
Increase / (decrease) in Capital Financing Requirement	(26,552)	34,547

14e. Capital Commitments

	31 March 2015 £'000	31 March 2014 £'000
Commissioning	77,464	68,150
Enabling	0	4,328
Delivery	59,624	29,505
Total	137,088	101,983

As at 31st March 2015, the authority has entered into a number of contracts for the construction of Plant, Property and Equipment in 2014-15 and future years budgeted to cost £137,088m. Similar commitments as at 31 March 2014 were £38m (Excluding Lambeth Living presently reporting within commissioning). The major commitments are:

- Expansion of Woodmansterne Primary School £10.5m
- Expansion of St John's Angell Town Primary School £8.3m
- Expansion of Paxton Primary School £10.3m
- The Somerleyton Road Affordable Housing Project £6.0m
- The Sheltered Housing Project £5.2m

14f. Assets Held for Sale

	Current	
	2014/15 £'000	2013/14 £'000
Balance outstanding at start of year		
Assets newly classified as held for sale:		
• Property, Plant and Equipment	1,402	4,206
Assets sold	(1,402)	(4,206)
Balance outstanding at year-end	0	0

14g. 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, since 2008, 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.

15a. Financial Instruments

31 March	Non-Current		Current	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Bank overdraft	0	0	(26,247)	(58,734)
Rents	0	0	(6,124)	(5,047)
Right to buy service charges	0	0	(2,161)	(2,030)
Other payables	0	0	(113,245)	(128,687)
Short-term Borrowing – PWLB	0	0	(6,876)	(6,810)
Short-term Borrowing – IFRIC 12	0	0	(2,843)	(2,203)
Long-term Borrowing – PWLB	(412,717)	(412,717)	0	0
Long-term creditors – IFRIC12	(105,752)	(79,200)	0	0
Total Financial Liabilities at Amortised Cost	(518,469)	(491,917)	(157,497)	(203,511)
Rents	0	0	5,924	6,441
Right to buy service charges	0	0	2,455	2,741
s20 works	0	0	20,745	17,061
Other receivables	0	0	94,567	46,846
Pension Fund	0	0	7,149	11,913
Long-term Debtors	410	426	0	0
Investments	5,048	13,035	152,454	249,173
Total Loans and Receivables	5,458	13,461	283,294	334,175

The balance on the current category of financial liabilities does not include all elements of creditors. The reason for exclusions is that some sections of creditors relate to statutory functions, not contractual arrangements and therefore do not meet the definition of a financial instrument or is deferred income.

Similarly, and for the same reason, the balance on current loans and receivables consists of short-term loans and excludes some elements of debtors. The short-term investments amount to £152.5 at 31 March 2015 and £249.1m at 31 March 2014.

15b. Impairment (credit) losses on receivables

Reconciliation of Allowance for Credit Account (Provision for doubtful debts)	S20 Lease-holders	Rent Debtors	Sundry Debtors	RTB Service charges	Parking Debtors	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2013	(3,211)	(15,023)	(9,610)	(1,551)	(7,691)	(37,085)
Write-offs	0	3,199	262	14	4,355	7,830
Set up/Release	1,250	(1,739)	(1,580)	0	(5,623)	(7,692)
Balance as at 31 March 2014	(1,961)	(13,563)	(10,928)	(1,537)	(8,959)	(36,947)
Write-offs	0	1,452	3,017	179	2,582	7,230
Set up/Release	460	(2,049)	(2,782)	0	(6,383)	(10,754)
Balance as at 31 March 2015	(1,501)	(14,160)	(10,693)	(1,358)	(12,760)	(40,472)

15c. Income, Expense, Gains and Losses

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

	31-Mar-15 £'000	31-Mar-14 £'000
Interest Receivable	(1,623)	(2,568)
Interest Payable	32,138	29,977
Impairment Loss on loans and receivables	10,754	7,692
	41,269	35,101

15d. Fair Values of Assets and Liabilities

Financial liabilities and financial assets are carried in the Balance Sheet at amortised cost. The fair value of PWLB debt has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments discounted by interest rates at the balance sheet date based on PWLB redemption interest rates advised on PWLB. Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value. The fair value of trade and other receivables and payables is taken to be the invoiced or billed amount. Liabilities arising from service concession arrangements and finance leases are calculated on the life of the arrangement or lease using the implicit rate of interest in the lease. The liability is therefore assumed to be approximate to fair value. Trade and other receivables and payables and liabilities arising from service concession arrangements and finance leases have therefore not been included in the table below.

	31 March 2015		31 March 2014	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial Assets – Long-term Investments	5,048	5,056	13,035	13,019
Financial liabilities – PWLB debt	(412,717)	(727,039)	(412,717)	(590,377)

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates for similar loans at the Balance Sheet date. This commitment to pay interest above the market increases the amount the Council would have to pay if the PWLB agreed to early repayment of the loans.

15e. 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 are available on the Council's website.

Credit risk

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

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

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

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits but there was no evidence at 31 March 2015 that this was likely to crystallise. Deposit protection arrangements as outlined in the Council's Treasury Management Strategy will limit any losses that may arise.

15f. Maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last three financial years before provisions for impairment. Provisions for impairment are set out in Note 15b.

Category of Customer	Amount at 31.03.2015	Historical experience of default	Estimated maximum exposure at 31.03.2015	Amount at 31.03.2014	Historical experience of default	Estimated maximum exposure at 31.03.2014
	£'000	%	£'000	£'000	%	£'000
Rents	20,085	11.70	2,349	20,005	13.18%	2,637
Right-to-buy service charges	3,813	1.66	63	4,277	0.61%	26
s20 works	22,247	6.87	1,528	19,022	9.21%	1,753
Other receivables	94,567	12.68	11,984	46,846	16.66%	7,803
	140,712		15,924	90,150		12,219

There is a specific requirement to note any changes in the Council's exposure to risk and its approach to managing it compared to the prior year. This has been through periodic consultation and reporting to Corporate Committee.

15g. Deposits with banks and financial institutions

Deposits with banks and financial institutions	31 March 2015 £'000	31 March 2014 £'000
Investments with Banks	65,588	75,190
Investments with Building Societies	12,000	72,000

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

15h. Ageing analysis of financial assets that are past due at the end of the financial year but not impaired

Aged Analysis of Financial Assets (excl Investments) 2014/15	Rents* £'000	S20 lease-holders £'000	Sundry debt £'000	RTB service charges* £'000	Total £'000
Less than 1 year	5,949	5,279	56,861	2,455	70,544
Over 1 year	1,449	15,467	13,893	0	30,809
Total as at 31 March 2015	7,398	20,746	70,754	2,455	101,353

Aged Analysis of Financial Assets (excl Investments) 2013/14	Rents* £'000	S20 lease-holders £'000	Sundry debt £'000	RTB service charges* £'000	Total £'000
Less than 1 year	5,582	653	21,861	437	28,533
Over 1 year	1,386	5,984	10,483	274	18,127
Total as at 31 March 2014	6,968	6,637	32,344	711	46,660

* The ageing of the rents and right to buy service charge debtors is prepared on a different basis with the ageing equal to the equivalent number of weeks of rental or service charge outstanding (i.e. Amounts greater than 12 months represent an equivalent of more than 12 months' rent outstanding).

Liquidity risk

The Council's policy of maintaining sufficient liquidity to cover three months' worth of expenditure is monitored on a weekly basis. Additionally, it has access to instant cash accounts with its banks and ready access to borrowing from the PWLB. It has been able to meet its day to day commitments as they fall due and has had no need to raise funding from PWLB in the last 5 years.

15i. Analysis by Maturity

Book Value at	31 March 2015 £'000	31 March 2014 £'000
Maturing in 1 to 10 years	50,799	26,461
Maturing in 10 to 20 years	53,027	77,365
Maturing in 20 to 30 years	40,846	40,846
Maturing in 30 to 40 years	87,951	78,411
Maturing in more than 40 years	180,094	189,634
	412,717	412,717

Market risk

The Council is not exposed to any significant risks in terms of interest rate movements on its borrowing and investments. The spread of investments takes account of prevailing and as far as possible future market forecasts from different sources of the trend and future interest rates risks.

All borrowing is with the Public Works Loan Board on a fixed term and fixed interest basis. Current market conditions are not conducive to raise finance unless it is for specific purposes. The return on investments would not cover the cost of servicing the debt.

Interest receivable on call accounts, which move in parallel with the money markets, is credited to the Comprehensive Income and Expenditure Statement. Based on the amount of cash held in such accounts at 31 March 2015 a 1% change in interest rates would change the interest receivable by £0.31m.

16. Short –Term Debtors by category of counterparty

	31 March 2015 £'000	31 March 2014 £'000
Central government bodies*	40,489	25,631
Other Local Authorities	28,255	9,280
Public Corporations and Trading Funds	1	0
National Health Service Bodies	16,719	10,536
Other Entities and Individuals	84,048	77,647
Total	169,512	123,094

17. Short-Term Creditors by category of counterparty

	31 March 2015 £'000	31 March 2014 £'000
Central government bodies*	(34,829)	(36,506)
Other Local Authorities	(16,100)	(10,869)
Public Corporations and Trading Funds	(1,127)	(2,778)
National Health Service Bodies	(15,690)	(13,954)
Other Entities and Individuals	(111,271)	(122,873)
Total	(179,017)	(186,980)

* Grants have been included although they appear on a separate line on the face of the Balance Sheet.

18. Revenue Grants Receipts in Advance

	31 March 2015 £'000	31 March 2014 £'000
Government Grants (£500k or more)		
Dedicated Schools Grant	(8,775)	(6,979)
DoH Social Care Reform	0	(1,391)
LSC - Adult & Community Learning	(714)	(903)
S31 NDR Retail relief	(527)	0
Government Grants (under £500k)	(1,642)	(997)
Government Grants Subtotal	(11,658)	(10,270)
Non-Government Grants (under £500k)	(93)	(152)
Non-Government Grants Subtotal	(93)	(152)
Total Revenue Grant Receipts in Advance	(11,751)	(10,422)

19. Capital Grant Receipts in Advance

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

	31 March 2015 £'000	31 March 2014 £'000
Transport for London	(42)	(80)
s106 developers' contribution	(14,071)	(6,700)
Standard Fund	(17,720)	(10,128)
Other Grant	(2,320)	(2,067)
CURRENT LIABILITIES	(34,153)	(18,975)
s106 developers' contribution	(4,861)	(10,635)
Standard Fund	(291)	(3,301)
Other Grant	(1,217)	(250)
NON-CURRENT LIABILITIES	(6,369)	(14,186)
Total Capital Grants Receipts in Advance	(40,522)	(33,161)

20. Dedicated Schools Grant

The Council's expenditure on schools is funded by grant monies provided by the Department for Children, Schools and Families – the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget has two components – one for a restricted range of services provided on an authority-wide basis and the other for the Individual Schools Budget, which is divided into a budget share for each school. The Council is required to account separately for overspends and underspends on the two components. Details of the deployment of DSG receivable for 2014/15 are as follows:

2014/15 DSG	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2014/15 before Academy recoupment			(246,442)
Less: Academy Figure recouped for 2014/15			27,006
Total DSG after Academy recoupment for 2014/15			(219,436)
Plus: Brought forward from 2013/14			(6,979)
Less: Carry-forward to 2015/16 advance			5,533
Agreed Initial Budgeted Distribution 2014/15	(45,022)	(175,861)	(220,882)
In-year Adjustments:	0	0	0
Less: 2013-14 Early Years Block adjustment made in 2014-15		253	253
Final budgeted distribution for 2014/15	(45,022)	(175,608)	(220,629)
Less: Actual Central expenditure	46,614		46,614
Less: CLA Deducted at Source	99		99
Add: VAT input reimbursed for CLA	(16)		(16)
Less: Actual ISB deployed to schools		170,691	170,691
Plus: Local Authority Contribution for 2014/15	0	0	0
Carried forward to 2015/16	1,674	(4,917)	(8,776)

21a. Leases – Authority as Lessee

(i) As at 31/03/15, the Authority had one building under a **Finance Lease arrangement** (Olive Morris House). It was carried on the Council's balance sheet as Other Land and Buildings at a value of £3,250k (2013/14 £3,250k). The Council was committed to making minimum lease payments comprising settlement of the long term liability and finance costs that will be payable while the liability remains outstanding. Total future minimum lease payments were £1,540k (2013/14 £1,560k), comprising Finance Lease Liabilities of £384k and Finance Costs of £1,155k. The minimum lease payments do not include contingent rents, which in 2014/15 totalled £153k (2013/14 £153k). Of the £1,540k, amounts payable in less than five years are immaterial.

(ii) The future minimum lease payments due relating to **operating lease arrangements** are listed below:

	31 March 2015 £'000	31 March 2014 £'000
Not later than one year	3,238	3,990
Later than one year and not later than five years	9,872	14,423
Later than five years	3,049	21,182
	16,159	39,595

The leases relate to land, buildings, and vehicles, and are charged to the relevant service line in the Comprehensive Income and Expenditure Statement. The total expenditure in 2014/15 was £3.84m, comprising £3.68m Minimum Lease Payments (£4.85m in 2013/14) and £0.16m (£0.51m in 2013/14) Contingent Rental.

21b. Leases – Authority as Lessor

(i) The Council has leased out three properties in the borough on a **finance lease** (Brixton Enterprise Centre, Gothic Lodge and The Young Vic Theatre). The Council's gross investment in the leases of £2.28m (£2.31m in 2013/14), represents future minimum lease payments, with no anticipated residual values at the end of the lease term (unchanged from 2013/14).

The gross investment of the lease and the present value of future minimum lease payments will be received in the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	£'000	£'000	£'000	£'000
Not later than one year	30	30	11	11
Later than one year and not later than five years	119	119	36	39
Later than five years	2133	2,162	117	126
	2,281	2,311	164	176

Of the total of £2,281k, the element of unearned finance income was £1,858k, with £423k going towards repayment of the lease debtor (£1,887k and £424k in 2013/14). There was no contingent rent corresponding to these lease arrangements.

(ii) The Council's **operating leases** are for the provision of community services and for economic development purposes. The future minimum lease payments receivable relating to these arrangements are below:

	31 March 2015	31 March 2014
	£'000	£'000
Not later than one year	1,897	1,979
Later than one year and not later than five years	4,652	4,504
Later than five years	10,145	9,473
	16,694	15,956

The total contingent rent relating to these arrangements in 2014/15 was £1.08m (2013/14 £0.74m).

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

The council has recognised six contracts on its Balance Sheet:

The **Home to School** contract provides transport services for children and young people with special needs being educated in the borough. The contract runs until 2017 on the same terms. Payments in 2014/15 were £2.8m.

The **Waste Management** contract provides services including street cleansing, waste collection and disposal, and a recycling service. The contract started in 2007 for an initial 7 years, and was extended until 2021 on the same terms. £4.2m of new assets were recognized in 2014/15. Payments in 2014/15 amounted to £17.6m.

For both the above contracts, the operator is required to meet performance targets; payments made by the Council are subject to deductions based on the operator's performance. Pricing arrangements can be adjusted for any future changes to the service requested by the Council. The Council is entitled, upon expiry or termination of the contract, to require the operator to sell to it any of the vehicles and other assets used in the provision of the service.

Norwood Hall is a new PFI started in June 2014 and £8.8m of new asset were recognized accordingly and £0.6m of payments were made in 2014/15. The contract will last for 25 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 2014/15 totalling £2.8m. Currently payments vary only with changes in RPIX and no other factor.

Lambeth Lighting Services Ltd provides replacements, upgrades and new installations of street lighting throughout the borough. Payments in 2014/15 amounted to £2.6m and the contract will run until 2031. The authority will take full ownership of all created and refurbished lighting at the end of the contract.

Myatt's Field North Estate is being transformed by the construction of 305 new homes, refurbishment of 172 existing homes, and the creation of new streets, play areas and green spaces. The 25 year PFI contract started in 2012, with the construction phase of the project lasting until March 2016. In 2014/15 the value of new assets recognised on the balance sheet was £16.2m, with a total value of £69.5m recognised since the start of the contract. Payments on this contract in 2013/14 were £8.8m. 357 homes will be sold; the council will retain ownership.

22a. The value of assets held under PFI and similar contracts and an analysis of the movement in those values.

	Lilian Baylis £'000	Norwood Hall £'000	Waste Fleet £'000	Home 2 School £'000	Lambeth Lighting £'000	Myatts Field North £'000	Total £'000
1 April 2014	16,300	0	2,023	1,211	12,669	53,303	85,506
Additions	19	8,791	4,122	0	0	18,516	31,449
Reclassifications/Other	0	406	0	0	0	(6,703)	(6,297)
Revaluations	8,951	5,198	0	0	0	(34,096)	(19,947)
Depreciation	(602)	0	(505)	(1,211)	(352)	0	(2,671)
31 March 2015	24,668	14,396	5,640	0	12,317	31,019	88,040

22b. The value of outstanding liabilities resulting from PFI, finance leases and similar contracts at each Balance Sheet date and an analysis of the movement in those values

	Lilian Baylis £'000	Lambeth Lighting £'000	Norwood Hall £'000	Home to School £'000	Waste Mgt £'000	Myatts Field North £'000	Sub- Total £'000	Finance Lease* £'000	Total £'000
1 April 2013	(11,045)	(10,583)	0	0	(1,592)	(30,891)	(54,362)	(386)	(54,748)
Liability in year	0	0	0	(1,014)	0	(30,933)	(31,947)	0	(31,947)
Payments in year	242	596	0	101	1,592	2,509	5,291	0	5,291
31 March 2014	(10,803)	(9,986)	(0)	(913)	0	(59,315)	(81,018)	(385)	(81,403)
Liability in year	0	0	(8,559)	0	(3,202)	(17,635)	(29,396)	0	(29,396)
Payments in year	250	587	0	156	144	1,066	2,203	1	2,204
31 March 2015	(10,553)	(9,400)	(8,559)	(757)	(3,058)	(75,884)	(108,211)	(384)	(108,595)

*In year lease payments are under £1,000.

22c. Details of payments due to be made under PFI, finance leases and similar contracts (separated into repayments of liability, interest and service charges) as at 31 March 2015 are set out in the table below. The disclosure requirements for PFI schemes are open to interpretation. The Council has therefore included the elements as follows: -

- Operating Cost and Life Cycle Costs are mapped to Services.
- Finance costs (including lease interest & Finance Cost Contingent Rental) are mapped to Interest
- Long-term liabilities (lease creditor repayments) are mapped to Liability

	Lilian Baylis				Lambeth Lighting			
	Liability £'000	Interest £'000	Service £'000	Total £'000	Liability £'000	Interest £'000	Service £'000	Total £'000
Within 1 year	303	1,498	1,034	2,835	599	800	1,233	2,632
2-5 years	1,723	6,135	4,210	12,068	2,437	2,738	5,362	10,537
6-10 years	3,122	7,462	6,278	16,862	3,249	2,386	7,559	13,193
11-15 years	5,404	7,120	6,554	19,078	2,759	866	9,597	13,221
16-20 years	0	0	0	0	356	36	1,380	1,772
21-25 years	0	0	0	0	0	0	0	0
Total	10,553	22,214	18,076	50,843	9,400	6,826	25,130	41,356

	Waste Management				Myatts Field North			
	Liability £'000	Interest £'000	Service £'000	Total £'000	Liability £'000	Interest £'000	Service £'000	Total £'000
Within 1 year	198	1,188	15,605	16,990	1,275	5,203	3,283	9,762
2-5 years	1,879	4,019	66,419	72,317	11,448	20,999	10,215	42,662
6-10 years	982	586	17,655	19,223	16,519	22,335	16,936	55,789
11-15 years	0	0	0	0	18,739	16,062	24,090	58,891
16-20 years	0	0	0	0	23,604	9,281	29,497	62,382
21-25 years	0	0	0	0	14,045	3,046	10,171	27,262
Total	3,059	5,793	99,679	108,530	85,630	76,926	94,191	256,747

	Home to School				Finance Lease		
	Liability £'000	Interest £'000	Service £'000	Total £'000	Liability £'000	Interest £'000	Total £'000
Within 1 year	242	455	1,932	2,629	0	20	20
2-5 years	515	443	2,657	3,615	2	78	80
6-10 years	0	0	0	0	3	97	100
11-15 years	0	0	0	0	4	96	100
16-20 years	0	0	0	0	5	95	100
21-25 years	0	0	0	0	7	93	100
Total	757	898	4,589	6,244	21	479	500

	Norwood Hall			
	Liability £'000	Interest £'000	Service £'000	Total £'000
Within 1 year	226	576	156	957
2-5 years	996	2,345	733	4,075
6-10 years	1,545	2,989	1,160	5,693
11-15 years	1,778	2,863	1,774	6,415
16-20 years	1,571	2361	2,806	6,738
21-25 years	2,443	2,619	2,300	7,361
Total	8,559	13,753	8,928	31,240

23. Provisions

Description	31 March 2014	Additional provision	Utilised	Released	31 March 2015
	£'000	£'000	£'000	£'000	£'000
Contract disputes	(996)	0	110	886	0
Carbon Reduction Provision	(349)	0	349	0	0
Dilapidations	(340)	(6)	40	0	(306)
VAT Provision	0	(672)	0	0	(672)
Insurance fund GF	(3,214)	(1,337)	1,389	0	(3,162)
Land Charge Claims	(397)	0	57	0	(340)
Provision for Appeals	(3,856)	(3,604)	947	0	(6,513)
Single Status Provision	(245)	(1,413)	60	0	(1,598)
Social Care Provisions	0	(479)	0	0	(479)
Sub-Total GF Provisions	(9,397)	(7,511)	2,997	886	(13,070)
Insurance fund HRA	(2,287)	(1,193)	1,090	0	(2,390)
Litigation Provision	(921)	(1,645)	244	0	(2,322)
URH Pension Liability	(253)	0	0	0	(253)
Sub-Total HRA Provisions	(3,461)	(2,838)	1,334	0	(4,965)
Total Council Provisions	(12,858)	(10,349)	4,286	886	(18,035)

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

- **The Insurance Fund provisions** hold the balances set aside for potential liabilities in respect of insurable items for which the Council has elected to self-insure and for payments that fall within the insurance excesses, split between the General Fund and the Housing Revenue Account. The review of insurance provisions is carried out annually using an actuarial forecasting approach which is designed to review the appropriateness of the provisions and reserves for the Council's self-insured claims as at the date of the valuation. This valuation takes into account all known and outstanding (unpaid) claims received from 1998 to date, and also makes a calculation for any incurred but not reported claims (IBNR).
- **Provision for Appeals** was introduced alongside the business rates retention scheme. The provision is calculated through applying the change in past rateable values based on successful appeals and applying this to current outstanding appeals, as supplied by the Valuations Office Agency, and the Council's 30% share is shown above and below.

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

2014/15 Description	Less than one year	Between one year and five years	Greater than five years	Balance at 31 March 2015
	£'000	£'000	£'000	£'000
Dilapidations	(306)	0	0	(306)
VAT Provision	(672)	0	0	(672)
Insurance fund GF	(1,686)	(1,476)	0	(3,162)
Land Charge Claims	(340)	0	0	(340)
Provision for Appeals	(6,513)	0	0	(6,513)
Single Status Provision	(1,598)	0	0	(1,598)
Social Care Provisions	(479)	0	0	(479)
Sub-Total GF Provisions	(11,594)	(1,476)	0	(13,070)
Insurance Fund HRA	(1,243)	(1,147)	0	(2,390)
Litigation Provision	(2,322)	0	0	(2,322)
URH Pension Liability	(253)	0	0	(253)
Sub-Total HRA Provisions	(3,818)	(1,147)	0	(4,965)
Total Council Provisions	(15,412)	(2,623)	0	(18,035)

2013/14 Description	Less than one year £'000	Between one year and five years £'000	Greater than five years £'000	Balance at 31 March 2013 £'000
Contract Disputes	(996)	0	0	(996)
CRC Scheme	(349)	0	0	(349)
Dilapidations	(340)	0	0	(340)
Insurance Fund GF	(1,689)	(1,399)	(126)	(3,214)
Land Charge Claims	(397)	0	0	(397)
Provision for Appeals	(3,856)	0	0	(3,856)
Single Status Provision	(245)	0	0	(245)
Sub-Total GF Provisions	(7,872)	(1,399)	(126)	(9,397)
Litigation Provision	(921)	0	0	(921)
URH Pension Liability	(253)	0	0	(253)
Insurance fund HRA	(1,202)	(995)	(90)	(2,287)
Sub-Total HRA Provisions	(2,376)	(995)	(90)	(3,461)
Total Council Provisions	(10,248)	(2,394)	(216)	(12,858)

24. Contingent Liabilities

Provision has been made for the Council's share of the estimated financial effect of appeals made by business ratepayers against their rates bills. This is shown in Note 23. No provision has been made for the cost of appeals which relate to periods prior to 31 March 2015 which have not yet been lodged as it has not been possible to quantify this amount. However, the Council's share of the cost of such appeals is not expected to be material.

25. Pensions Schemes Accounted for as Defined Contribution Schemes

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

Teachers employed by the authority are members of the **Teachers' Pension Scheme (TPS)**, administered by the Department for Education. The Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. In 2014/15 the Council paid £7.07m to the TPS (£7.54m in 2013/14), representing 14.1% of pensionable pay (14.1% in 2013/14). The contributions due to be paid in the next financial year are estimated to be £7.77m in 2015/16. For 2014/15 the Council made contributions to the **NHS Pension Scheme** of £26K (£54K), representing 14% of pensionable pay.

26. Defined Benefit Pension Schemes

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments for those benefits and to disclose them at the time that employees earn their future entitlement

The Council participates in two funded defined benefit final salary schemes under the Local Government Pension Scheme (LGPS). The first is administered locally by Lambeth Pension Fund, to which most non-teaching Council employees belong. The governance of the scheme is the responsibility of the London Borough of Lambeth. The second is administered by the London Pensions Fund Authority (LPFA) to which most non-teaching staff employed in schools belong and the governance of the scheme is the responsibility of the Authority. The LGPS rewards years of service with rights to retirement lump sums and pensions based on final salaries. The Scheme also provides additional benefits for ill-health retirement, early retirement attributable to redundancy or in the interests of business efficiency and death in service. Both of these funds are part of the national Local Government Pension Scheme (LGPS), which as of 1st April 2014, changed from being a final salary scheme to a career average scheme. The Council has also agreed to meet the pension liability relating to pre transfer service of staff who previously transferred from the Council to Lambeth Living. This is part of a section of the LGPS administered by Lambeth Pension Scheme ("Lambeth Living Transferees liability").

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.

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 and the Lambeth Living Transferees 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. Council liabilities are based on the latest full valuation of the scheme as at 31 March 2013.

	2014/15			2013/14		
	Scheme Assets £000	Pensions Obligations £000	Net Pensions Liability £000	Scheme Assets £000	Pensions Obligations £000	Net Pensions Liability £000
Opening Balance at 1 April	(1,065,919)	1,657,819	591,900	(989,250)	1,636,019	646,769
Current Service Cost		27,342	27,342	0	21,795	21,795
Past Service cost and gains/losses on curtailments		643	643	0	203	203
Interest Income and Expense	(45,093)	70,755	25,662	(43,918)	72,235	28,317
Remeasurements						
• Return on Plan Assets	(39,307)	(19,162)	(58,469)	(27,511)	(57,348)	(84,859)
• Actuarial Gains and Losses arising from changes in demographic assumptions				0	4,795	4,795
• Actuarial Gains and Losses from changes in Financial Assumptions		228,587	228,587	(8,387)	32,891	24,504
Contributions						
• The Council	(48,626)		(48,626)	(49,624)	0	(49,624)
• Employees	(8,153)	8,153	0	(7,999)	7,999	0
Payments						
• Retirement Grants and Pensions	58,560	(58,560)	0	60,770	(60,770)	0
Closing Balance at 31 March	(1,148,538)	1,915,577	767,039	(1,065,919)	1,657,819	591,900

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. In 2014/15, this was equivalent to 16.8% of employee pay. An increase in member life expectancy, salary and pension accumulation rate or a decrease in the real discount rate would have an impact on the Council's liability to the Pension Fund. The biggest risks include larger than anticipated salary growth with the potential of strike action over pay an annual occurrence and the possibility of the economic recovery petering out, reducing Pension Fund returns, as well as longevity assumptions, statutory changes to the scheme and any future large scale withdrawals from the scheme.

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:

	LPFA		Lambeth	
	2014/15	2013/14	2014/15	2013/14
Longevity at 65 for current pensioners: Men	21.3 years	21.2 years	21.7 years	21.7 years
Women	24.4 years	24.3 years	24.0 years	24.0 years
Longevity at 65 for future pensioners: Men	23.6 years	23.5 years	24.3 years	24.3 years
Women	26.7 years	26.5 years	26.6 years	26.6 years
Rate of increase in salaries	4.0%	4.5%	4.3%	4.6%
Rate of increase in pensions(CPI)	2.2%	2.7%	2.4%	2.8%
Rate for discounting scheme liabilities	3.0%	4.3%	3.2%	4.3%

A sensitivity analysis of the key methodological assumptions of the actuarial valuation can be found in note 2 on page 31. The Council is responsible for 97% of the assets and liabilities of the Pension Fund, details of which can be found within the Pension Fund notes from Note 60 onwards. The Council's share of the LPFA Asset Breakdown can be found below, but it must be remembered that the Council only represents 1% of the assets.

Employer Asset Share – Bid Value	31 March 2015		31 March 2014	
	£'000s	%	£'000s	%
Equities	28,690	43	34,159	53
LDI/Cashflow matching	4,963	8	3,867	6
Target Return Portfolio	19,116	29	19,335	30
Infrastructure	3,276	5	2,578	4
Commodities	615	1	645	1
Property	1,874	3	1,934	3
Cash	7,592	11	1,934	3
Total	66,126	100	64,451	100

While there has been a growth in the Council's obligations, the assets have grown faster, leading to a reduction in net obligations to future pensioners. However, this is subject to the risks stated above. If Pension Fund members' longevity was one year greater than anticipated, there would not be any reduction in our net obligations. This demonstrates that Council obligations are a most likely estimate, based on the best evidence that the actuaries have at March 31st 2015. Nonetheless,

the impact from a small change in fund returns is even greater, so it is important to recognise that this Net Obligation is a professional assessment by the Actuaries and not a definitive figure.

The Council's agreed strategy with the actuary is to achieve of a funding level of 100% over 20 years (March 31st 2033). Funding levels are monitored annually and the next triennial valuation is due to be completed 31st March 2016. The estimated employers' contributions for the year ending 31 March 2016 will be approximately £39,368,000. 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.

27. Trust Funds

The Council acts as trustee for various funds including bequests and legacies, comfort funds and individual trusts. The main ones are:

	Balance at 31 March 2015 £'000	Balance at 31 March 2014 £'000
Monies Held on behalf of adult care clients	(4,120)	(3,276)
Monies Held on behalf of children in care	(18)	(18)
Wellington Mills - Housing Corporative	(308)	(307)
Others*	(263)	(31)
Total Trust Funds	(4,710)	(3,632)

*This figure includes estates of persons formerly in care, trade union funds and funds for prizes, outings and other activities for children in care.

28. Accounting Standards Issued but not yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 has introduced a number of changes in accounting standards that are required from 1 April 2015, as set out below. It is currently not anticipated that any of these changes will have a significant impact on the Council's Statement of Accounts.

- IFRS 13 Fair Value Measurement – unlikely to have a major impact as Lambeth does not have material amounts of surplus PP+E assets that will need to be revalued to market value for 2015/16
- Annual Improvements to IFRSs (2011 – 2013 Cycle):
 - IFRS 1 First Time Adoption of IFRS: Meaning of effective IFRSs – not applicable
 - IFRS 3 Business Combinations: Scope exceptions for joint ventures - update of IFRS 3 to extend exclusion references to joint ventures to cover all joint arrangements
 - IFRS 13 Fair Value Measurement: Scope of paragraph 52 (portfolio exception) - extension of the ability to value a portfolio of financial assets and liabilities on the basis of net exposure to include contracts within 2015/16 Code Appendix C the scope of IAS 39 that are not themselves financial assets or liabilities
 - IAS 40 Investment Property: Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property– supplementary detail to assist in determining whether an acquisition is a business combination or the acquisition of assets
- IFRIC 21 Levies– levy expenses should be accrued as the activity that triggers the levy is carried out

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

29. Adjustments between Accounting Basis and Funding Basis under Regulations

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

The note is in the table overleaf.

The weighted average duration of the defined benefit obligation for scheme member is 17.5 years (17.5 years in 2013/14) for the Lambeth Pension Scheme and 15 years (15 years in 2013/14) for the LPFA Scheme.

2014/15	Usable Reserves					Unusable Reserves £000s	Relevant Unusable Reserve
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied		
	£000s	£000s	£000s	£000s	£000s		
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	100	238	0	0		(338)	Financial Instruments Adjustment Account
· Pensions costs	(5,763)	645	0	0	0	5,118	Pensions Reserve
· Council tax	2,172	0	0	0	0	(2,172)	Collection Fund Adjustment Account
· Holiday pay	25	(22)	0	0	0	(3)	Accumulated Absences Account
Cancellation of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure:							
· Amortisation of intangible assets	(344)	0	0	0	0	344	Capital Adjustment Account
· Charges for depreciation and impairment	(30,031)	77,484	0	0	0	(47,453)	
· Revenue expenditure funded from capital under statute	(12,746)	0	0	0	0	12,746	
· Carrying amounts of non-current assets written off on disposal or sale	(5,195)	(20,088)	0	0	0	25,283	
· Capital grant income	30,959	5,403	0	0	(11,261)	(25,101)	
· Movements in the value of investment property							
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	1,933	41,356	(43,289)	0	0	0	Capital Receipts Reserve
Use of capital receipts for revenue purposes:	0	0	0	0	0	0	
· Administrative costs of non-current asset disposals	0	(297)	297	0	0	0	
· Payments to the Government housing receipts pool	(2,998)	0	2,998	0	0	0	
Posting of HRA resources from revenue to the Major Repairs Reserve	0	81,986	0	(81,986)	0	0	
Statutory revenue provisions for the financing of capital investment	11,121	0	0	0	0	(11,121)	Capital Adjustment Account
Capital expenditure financed from revenue balances	5,667	12,340	0	0	0	(18,007)	
Adjustments to Capital Resources							
Repayments of capital loans and mortgages	0	0	(16)	0	0	16	DCRR
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	34,855	0	0	(34,855)	Capital Adjustment Account
Capital Receipts set Aside – regulation 23 (b)	0	0	55,476	0	0	(55,476)	
Application of S. 106 Receipts to Finance new Capital	4,545	83	0	0	0	(4,628)	
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	80,284	0	(80,284)	
Application of capital grants to finance capital expenditure	0	0	0	0	4,472	(4,472)	
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0	DCRR
Total Adjustments	(555)	199,128	50,321	(1,702)	(6,789)	(240,403)	

2013/14	Usable Reserves					Unusable Reserves £000s	Relevant Unusable Reserve
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied		
	£000s	£000s	£000s	£000s	£000s		
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	100	345	0	0	0	(445)	Financial Instruments Adjustment Account
- Pensions costs	(1,162)	386	0	0	0	776	Pensions Reserve
- Council tax	2,312	0	0	0	0	(2,312)	Collection Fund Adjustment Account
- Holiday pay	(102)	11	0	0	0	91	Accumulated Absences Account
Cancellation of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure:	0	0	0	0	0	0	
- Amortisation of intangible assets	(123)	0	0	0	0	123	Capital Adjustment Account
- Charges for depreciation and impairment	(36,897)	71,762	0	0	0	(34,865)	
- Revenue expenditure funded from capital under statute	(14,869)	(1,085)	0	0	0	15,954	
- Carrying amounts of non-current assets written off on disposal or sale	(4,978)	(11,216)	0	0	0	16,194	
- Capital grant income	40,935	6,290	0	0	(6,972)	(40,253)	
- Movements in the value of investment property	0	0	0	0	0	0	
Transfers between Revenue and Capital Resources							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve and Deferred Capital Receipts Reserve	10,571	49,138	(59,709)	0	0	0	Capital Receipts Reserve
Use of capital receipts for revenue purposes:	0	0	0	0	0	0	
- Administrative costs of non-current asset disposals	(324)	(360)	683	0	0	0	
- Payments to the Government housing receipts pool	(4,965)	0	4,965	0	0	0	
Posting of HRA resources from revenue to the Major Repairs Reserve	0	54,997	0	(54,997)	0	0	
Statutory revenue provisions for the financing of capital investment	13,441	5,129	0	0	0	(18,569)	Capital Adjustment Account
Capital expenditure financed from revenue balances	10,925	3,996	0	0	0	(14,921)	
Adjustments to Capital Resources							
Repayments of capital loans and mortgages	0	0	(19)	0	0	19	Deferred Capital Receipts Reserve
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	31,901	0	0	(31,901)	Capital Adjustment Account
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	65,337	0	(65,337)	
Application of capital grants to finance capital expenditure	0	0	0	0	5,434	(5,434)	
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0	Deferred Capital Receipts
Total Adjustments	14,870	179,392	(22,179)	10,340	(1,537)	(180,880)	

30. Usable Reserves

	31 March 2015 £'000	31 March 2014 £'000
General Fund	(23,615)	(24,874)
LMS Balances	(20,465)	(18,644)
Earmarked Reserves – General Fund	(63,784)	(67,329)
Earmarked Reserves - HRA	(26,512)	(23,236)
Housing Revenue Account	(10,037)	(7,843)
Capital Receipts Reserve	(25,773)	(76,094)
Capital Grants Unapplied Account	(53,270)	(46,481)
Major Repairs Reserve	(4,829)	(3,127)
Total Usable Reserves	(228,284)	(267,629)

30a. General Fund – Used for any non-housing purpose of a revenue or capital nature.

30b. LMS Balance – Ringfenced for the local management of schools

	2014/15 £'000	2013/14 £'000
Balance at 1 April	(18,644)	(15,689)
Overspent School Balances	2,312	2,225
Underspent School Balances	(4,295)	(5,180)
	(20,627)	(18,644)
Adjustment for Schools becoming Academies		
Lambeth Alternative Education Pupil Referral Unit	163	0
Balance at 31 March	(20,465)	(18,644)

30c. 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 2013/14.

General Fund Reserves	Balance at 31 March 2014 £'000	Transfers in £'000	Transfers out £'000	Balance at 31 March 2015 £'000
Earmarked Grants & Budget Carry-Forwards	(8,799)	(7,007)	4,511	(11,295)
Information and Communication Technology Investment	(6,487)	(250)	2,291	(4,446)
Insurance and Risk Management	(12,915)	(50)	2,457	(10,508)
Property and Assets	(19,729)	(7,289)	6,282	(20,736)
Transformation	(19,400)	(6,264)	8,864	(16,800)
GF Sub-total	(67,330)	(20,860)	24,405	(63,784)
Housing Revenue Account Reserves				
Insurance and Risk Management	(6,440)	(1,141)	323	(7,259)
Property and Assets	(16,795)	(14,797)	12,340	(19,253)
HRA Sub-total	(23,235)	(15,938)	12,663	(26,512)
Council Total	(90,565)	(36,798)	37,068	(90,296)

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

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

The **Insurance and Risk Management** reserves set aside funding to meet potential future costs that may fall to the Council. The largest single element, the Insurance Fund, at £4.2m in General Fund and £3.3m in the HRA, is intended to provide the means to self-insurance (thus reducing the expenditure on insurance premiums).

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

The **Transformation** reserves provide the funding to facilitate the large organisational changes that the Council is undertaking.

30d. Capital Receipts Reserve – Holds proceeds from the disposal of land or other assets. Statute restricts the use of the proceeds to the funding of new or historical capital expenditure.

	2014/15 £'000	2013/14 £'000
Balance brought forward 1 April	(76,095)	(53,916)
Capital receipts in year	(43,290)	(59,709)
Use of capital receipts in year		
Payment to CLG – Contribution to pooled capital receipts	2,998	4,965
Disposal costs	297	683
Repayment of mortgage principal	(14)	(19)
Capital Receipts set aside – regulation 23 (a)	55,476	0
Financing of capital expenditure	34,855	31,901
Balance carried forward 31 March	(25,773)	(76,095)

30e. Capital Grants Unapplied Account – Holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	2014/15 £'000	2013/14 £'000
Balance brought forward 1 April	(46,481)	(44,944)
Grants transferred to the account in year	(11,261)	(6,971)
Grants applied to capital expenditure	4,472	5,434
Balance carried forward 31 March	(53,270)	(46,481)

30f. Major Repairs Reserve – Controls an element of the capital resources set aside for use on HRA assets or for financing historical capital expenditure by the HRA.

	2014/15 £'000	2013/14 £'000
Balance brought forward	(3,128)	(13,468)
Decent Homes Funding	(52,016)	(30,140)
Additional transfer to the Major Repairs Reserve	(4,703)	(4,745)
Debits to the MRR in respect of capital expenditure	80,284	65,337
Transfer from HRA equal to depreciation	(25,267)	(20,112)
Total	(4,830)	(3,128)

31. Unusable Reserves

Unusable Reserve	Adjustments between Accounting and Funding Basis 2014/15						
	Opening Balance	Other Comprehensive Income and Expenditure 2014/15	Adjustments to Revenue Resources	Transfers Between Revenue and Capital Resources	Adjustments to Capital Resources	Other Movements*	Closing Balance
	1 April 2014	(CIES)					31 March 2015
	£000	£000	£000	£000	£000	£000	£000
Revaluation Reserve	(246,268)	(467,179)	0	0	0	6,359	(707,089)
Financial Instruments Adjustment Account	2,589	0	(337)	0	0	0	2,252
Pensions Reserve	591,900	170,021	5,118	0	0	0	767,040
Collection Fund Adjustment Account	(10,979)	0	(2,172)	0	0	0	(13,151)
Accumulated Absences Account	4,279	0	(4)	0	0	0	4,275
Capital Adjustment Account	(1,624,333)	0	(9,069)	(29,128)	(204,827)	(6,359)	(1,873,716)
Deferred Capital Receipts	(426)	0	0	0	16	0	(410)
Total	(1,283,238)	(297,158)	(6,464)	(29,128)	(204,811)	0	(1,820,800)

Unusable Reserve	Adjustments between Accounting and Funding Basis 2013/14						
	Opening Balance	Other Comprehensive Income and Expenditure 2013/14	Adjustments to Revenue Resources	Transfers Between Revenue and Capital Resources	Adjustments to Capital Resources	Other Movements*	Closing Balance
	1 April 2013	(CIES)					31 March 2014
	£000	£000	£000	£000	£000	£000	£000
Revaluation Reserve	(203,558)	(53,072)	0	0	0	10,362	(246,268)
Financial Instruments Adjustment Account	3,034	0	(445)	0	0	0	2,589
Pensions Reserve	646,769	(55,645)	776	0	0	0	591,900
Collection Fund Adjustment Account	(8,667)	0	(2,312)	0	0	0	(10,979)
Accumulated Absences Account	4,189	0	91	0	0	0	4,279
Capital Adjustment Account	(1,434,961)	0	(2,595)	(33,490)	(142,925)	(10,362)	(1,624,333)
Deferred Capital Receipts	(445)	0	0	0	19	0	(426)
Total	(993,639)	(108,717)	(4,485)	(33,490)	(142,906)	0	(1,283,238)

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

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

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

Pensions Reserve - Absorbs the timing differences arising from the different accounting arrangements between statutory provisions and accounting practice for post-employment benefits and funding benefits. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as benefits are earned by employees. The balance sheet is updated to recognise the movement in liabilities due to changes in assumptions (including inflation and longevity) and investment returns on resources set aside to meet the cost of the employee benefits.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds. The Pensions Reserve balance reflects the substantial shortfall between the benefits Pension Fund members have earned and the resources the Council set aside to meet them.

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

Capital Adjustment Account - Absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 29 to the MIR provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

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

Financial Instruments Adjustment Account - Absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance and Housing Revenue Account (HRA) to the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance and HRA in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed (maximum of 10 years on the HRA). As a result, the balance on the Account at 31 March 2014 will be charged to the General Fund over the next 13 years and to the HRA for the next six years.

Collection Fund Adjustment Account - Manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

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.

NOTES TO THE CASH FLOW STATEMENT

32. Investing Activities

	2014/15 £'000	2013/14 £'000
Purchase of property, plant and equipment, investment property and intangible assets	160,728	172,053
Purchase of short-term and long-term investments	446,000	586,730
Proceeds from the sale of property, plant and equipment and intangible assets	(43,305)	(49,186)
Proceeds from short-term and long-term investments	(550,530)	(515,200)
Other receipts from investing activities	(67,498)	(93,019)
Net cash flows from investing activities	(54,605)	101,378

33. Financing Activities

	2014/15 £'000	2013/14 £'000
Cash receipts of short and long-term borrowing		(65)
Council Tax and NNDR adjustments	(2,145)	(2,611)
Other receipts from financing activities		
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	4,551	5,291
Repayments of short- and long-term borrowing	0	(1)
Net cash flows from financing activities	2,406	2,614

34. Operating Activities (Interest)

The cash flows for operating activities include the following items:

	2014/15 £'000	2013/14 £'000
Interest received	(1,975)	(4,166)
Interest paid	32,073	30,042

35. Cash and Cash Equivalents

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

	31 March 2015 £'000	31 March 2014 £'000
Cash held by the Authority	58	35
Bank current accounts in current assets	88,005	61,030
Short-term deposits with banks	30,588	10,190
Held within Current Assets	118,651	71,255
Bank overdrafts (Held within current liabilities)	(26,247)	(58,734)
Total Cash and Cash Equivalents	92,404	12,521

HRA INCOME AND EXPENDITURE ACCOUNT

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

	Note	2014/15 £'000	2013/14 £'000
Income			
Dwelling rents		(135,933)	(130,296)
Non dwelling rents		(4,094)	(3,982)
Charges for services and facilities		(37,304)	(36,604)
Contributions Towards Expenditure		(1,051)	(1,407)
PFI Credit		(7,729)	(7,729)
		<u>(186,111)</u>	<u>(180,018)</u>
Expenditure			
Repairs and maintenance		28,622	32,737
Supervision and management		72,924	72,780
Rents, rates, taxes and other charges		12,597	10,691
Depreciation of property, plant and equipment	41	25,267	20,112
Impairment / Revaluation loss	41	(102,675)	(92,623)
Debt management expenses		109	125
Increase in Bad Debt Provision		1,376	1,646
		<u>38,220</u>	<u>45,467</u>
Net cost of HRA services included in the Comprehensive Income and Expenditure Statement		(147,890)	(134,551)
HRA share of Corporate and Democratic Core		828	800
Net Expenditure of HRA Services		(147,062)	(133,751)
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement			
Interest payable and similar charges – other		20,970	18,480
Gain or Loss on disposal		(20,972)	(37,562)
Interest and investment income		(30)	(62)
Capital Grants and Contributions - other		(57,503)	(36,430)
(Surplus)/Deficit for the year on HRA services		(204,597)	(189,324)

STATEMENT OF MOVEMENT ON THE HRA BALANCE

	2014/15 £'000	2013/14 £'000
Balance on the HRA at the end of the previous year	(7,843)	(9,995)
(Surplus) or deficit for the year on the HRA Income & Expenditure Statement	(204,597)	(189,324)
Adjustments Between Accountancy Basis and Funding Basis under Statute	199,127	179,392
Net (Increase) or Decrease before Transfers to or from Reserves	(5,470)	(9,932)
Transfers to or (from) Reserves (see Note 30c)	3,276	12,085
(Increase) or Decrease in year on the HRA	(2,194)	2,152
Balance on the HRA at the end of the current year	(10,037)	(7,843)

NOTES TO THE HOUSING REVENUE ACCOUNT

36. Analysis of the movement on the HRA balance:

	2014/15 £'000	2013/14 £'000
Items included in the HRA Income and Expenditure Statement but excluded from the movement on HRA Balance for the year		
Difference between amounts charged to Income and Expenditure for amortisation of premiums and discounts and the charge for the year determined in accordance with statute	238	345
Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with the Statutory HRA requirements:		
Impairments / Revaluation loss	102,751	91,873
Capital Grants and Contributions	57,420	36,425
Revenue expenditure financed by capital under statute	0	(1,085)
S106 Reversal	83	5
Depreciation of non-current assets	(25,267)	(20,112)
Gain or Loss on disposal	20,972	37,562
Mitigation of accumulated absences provision	(22)	11
Net charges made for retirement benefits in accordance with IAS 19	(829)	(302)
Items not included in the HRA Income and Expenditure Statement but included in the Movement on HRA Balances for the year:		
Capital expenditure financed from revenue balances	12,340	3,996
Minimum Revenue Provision	0	5,129
Transfer to Major Repairs Reserve	29,970	24,857
Employer's contributions payable to the Lambeth Pension Fund and retirement benefit payable direct to pensioners	1,474	688
Adjustments Between Accountancy Basis and Funding Basis under Statute less Transfers to or from Reserves	199,127	179,392
Transfer to earmarked reserves	15,938	16,791
Transfer from earmarked reserves	(12,662)	(4,707)
Net additional amount required by statute to be (debited)/credited to the HRA Balances for the year	202,403	191,476

37. Housing stock

	31 March 2015	31 March 2014
Flats	20,345	20,508
Houses	3,977	3,928
Multi-occupied	133	142
Shared ownership	0	1
Total	24,455	24,579

38. HRA assets

	31 March 15 £'000	31 March 14 £'000
Council dwellings	1,998,810	1,586,523
Other Land & Buildings	109,620	85,098
Community Assets	150	0
Surplus	4,136	4,529
Assets held for sale	22	0
Vehicles, Plant & Equipment	1,673	6,083
Assets under Construction	273	53,303
Intangibles	17	0
TOTAL	2,114,700	1,735,535

39. Major repairs reserve – Refer to note 30f.

40. Capital expenditure, financing and receipts

	2014/15 £'000	2013/14 £'000
HRA capital expenditure		
Works to dwellings	102,802	93,261
Other Land & Buildings	66	52
Vehicles, Plant & Equipment	326	2,561
Revenue funded from capital under statute	0	1,085
	103,194	96,958
Financing of capital expenditure		
Borrowing	9,813	25,361
Usable Capital Receipts	634	2,259
Major Repairs Reserve	28,268	35,197
Grants	52,139	30,145
Reserves / Revenue	12,340	3,996
Total	103,194	96,958

41. Depreciation and impairment

	2014/15 £'000	2013/14 £'000
Depreciation charged for the year		
Operational assets		
- dwellings	20,731	17,014
- other property	4,389	3,028
Non-operational assets		
- dwellings	138	62
- other property	9	7
Total Depreciation	25,267	20,112

Impairment charged for the year

Operational assets		
- dwellings	55,857	3,784
- other property	6,172	1
	62,030	3,785

Impairment losses reversed

Operational assets		
- dwellings	(163,992)	(95,658)
- other property	(713)	(745)
Non-operational assets		
- dwellings	0	(5)
	(164,708)	(96,408)
Net Impairment	(102,675)	(92,623)

42. Rent arrears

	2014/15 £'000	2013/14 £'000
Arrears as at 31 March	11,543	13,015
Provision for bad debts	(7,756)	(7,791)
Collectable amount	3,787	5,224

43. Vacant Possession Value

The vacant possession value of dwellings within the HRA at 31st March 2015 was £8.054 billion which has been reduced to £2.014 billion to reflect social housing use subsidised housing. This shows the economic cost to the government of providing council housing at less than market rents.

44. Revenue Expenditure Funded from Capital under Statute

There was no charge (£1,085K in 2013/14) to the HRA in accordance with the provisions of the Code. This is financed by capital resources and accounted for by debiting the capital adjustment account and crediting the HRA balance. This is a reconciling item in the Movement in Reserves Statement. The charge is included in the figure for Repairs and Maintenance.

45. HRA share of contributions to the Pension Reserve

The HRA Income and Expenditure account has suffered a charge from the Pension Reserve of £829K (charge of £302k in 2013/14), as per proper practice. The impact of this on the HRA balance is nullified by means of a reversing entry in the Movement in Reserves Statement.

46. Capital Asset Charges Accounting Adjustment (Item 8 Debit / Credit)

This is a notional charge for cost of borrowing in relation to debt.

COLLECTION FUND

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

COLLECTION FUND	2014/15			2013/14		
	NNDR £000	Council Tax £000	Total £000	NNDR £000	Council Tax £000	Total £000
INCOME						
Council Tax Receivable		(122,987)	(122,987)		(118,871)	(118,871)
Business Rates Receivable	(122,042)		(122,042)	(121,784)		(121,784)
Transitional Payments	(376)		(376)	(739)		(739)
Business Rates Supplement	(3,715)		(3,715)	(3,886)		(3,886)
	(126,133)	(122,987)	(249,120)	(126,409)	(118,871)	(245,280)
EXPENDITURE						
LB Lambeth	36,308	85,284	121,592	33,646	81,448	115,094
Central Government	60,514		60,514	56,077		56,077
Greater London Assembly (GLA)	24,206	27,559	51,765	22,431	26,671	49,102
Business Rates Supplement						
Payment to GLA	3,703		3,703	3,872		3,872
Apportionment of Surplus/Deficit						
LB Lambeth	(200)	3,324	3,124	0	2,749	2,749
Central Government	(334)		(334)	0		0
GLA	(134)	1,088	954	0	911	911
Charges to Collection Fund						
Write-offs of uncollectable amounts	743	2,774	3,517		8,748	8,748
Write-ons		(2,841)	(2,841)			
Increase/(Decrease) in Bad Debt Provisions	55	(683)	(628)	(182)	(6,146)	(6,328)
Increase/(Decrease) in Provision for Appeals	8,854		8,854	12,857		12,857
Transitional Protection Payments Made in 2013/14	1,016		1,016	783		783
Cost of Collection - Business Rates	481		481	481		481
Cost of Collection - Business Rates Supplement	12		12	15		15
	135,224	116,505	251,729	129,980	114,381	244,361
(Surplus) / Deficit during year	9,091	(6,482)	2,609	3,571	(4,490)	(919)
Collection Fund (Surplus)/Deficit at 31 March 2014	3,571	(16,063)	(12,492)	0	(11,573)	(11,573)
Collection Fund (Surplus)/Deficit at 31 March 2015	12,662	(22,545)	(9,883)	3,571	(16,063)	(12,492)
Analysed by:						
LB Lambeth	3,799	(16,948)	(13,149)	1,071	(12,049)	(10,978)
Central Government	6,331		6,331	1,786		1,786
Greater London Assembly (GLA)	2,532	(5,597)	(3,065)	714	(4,014)	(3,300)
Collection Fund (Surplus)/Deficit at 31 March 2015	12,662	(22,545)	(9,883)	3,571	(16,063)	(12,492)

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 £'000s		Central Government £'000s		London Borough of Lambeth £'000s		Greater London Assembly £'000s	
	CTAX	NNDR	CTAX	NNDR	CTAX	NNDR	CTAX	NNDR
Apportionment Basis	100%	100%	N/A	50%	76.20%	30%	23.80%	20%
Arrears	33,442	4,062	N/A	2,031	25,477	1,219	7,964	812
Bad Debt Provision	(24,271)	(3,583)	N/A	(1,791)	(18,891)	(1,075)	(5,780)	(717)
Appeals Provision	N/A	(21,712)	N/A	(10,856)	N/A	(6,514)	N/A	(4,342)
Overpayments & Pre-payments	(7,637)	(7,535)	N/A	(3,768)	(5,818)	(2,261)	(1,819)	(1,507)
(Surplus)/Deficit	(22,545)	12,662	N/A	6,331	(16,948)	3,799	(5,597)	2,532

NOTES TO THE COLLECTION FUND

47. Council Tax

Under the arrangements for Council Tax, each domestic property within the Council's area was assigned to one of eight valuation bands based on the estimated market value at 1 April 1991. The total number of dwellings in each band is then adjusted to account for discounts, exemptions and other expected movements in the year. The Council Tax is set for band D properties and the tax for other bands calculated as a proportion of the band D tax. The localisation of Council Tax caused a reduction of the Council Tax Requirement, as Council Tax Support now forms part of the Council's financial settlement rather than an aspect of the Collection Fund, which lowered the tax base.

For the year ended 31 March 2015, the band D Council Tax was set at £1,224.29 based upon a tax base of 92,170 (for 2013/14, £1,228.29 based upon a tax base of 88,024) and included the £299.00 requirement of the Greater London Authority (£303.00 in 2013/14). The table below shows the calculation of the Council Tax Base for 2014/15.

Valuation Band	Total no. of dwellings on valuation list	Total equivalent dwellings after adjustments	Ratio to Band D	Band D equivalents
A	4,668	2,697	6/9	1,798
B	31,906	18,707	7/9	14,550
C	39,024	28,071	8/9	24,952
D	29,172	22,442	9/9	22,442
E	13,863	11,446	11/9	13,990
F	8,609	7,550	13/9	10,907
G	5,146	4,889	15/9	8,148
H	610	395	18/9	790
TOTALS	132,998	96,198		97,575
Adjustment for collection rate				(5,405)
Tax base for Council Tax purposes				92,170

48. National Non-Domestic Rates are set by Parliament, which specifies an amount, 48.2p in 2014/15 (47.1p in 2013/14) as the standard multiplier and 47.1p as the small business rate multiplier (46.2p in 2013/14). Subject to transitional arrangements, businesses pay rates calculated by multiplying their rateable value by this amount. The 2014/15 NNDR income is based upon a total rateable value for the borough of £316.1m at 31 March 2015 (£315.3m at 31 March 2014).

NNDR is divided into three elements: the Revenue Service Grant (RSG), the top-up amount (as Lambeth collects less than it 'needs') and the retained element, which is contained within the Collection Fund. The retained element is an estimate of the billing authority collection level, so if the Council collects below that level it loses out and if it collects above it gains. Some authorities collect more than they 'need' and pay a tariff, while others are subject to levies if growth is 'disproportionate'. The amount that the Council collects is divided between Lambeth (30%), GLA (20%) and Central Government (50%).

In 2014/15, the payment is based upon the 2014/15 estimated collection and 2013/14 surplus/deficit. However, as the 2014/15 NNDR1 is returned before the end of 2013/14, in 2015/16 an adjustment must be made between the actual and the estimated surplus/deficit. Every subsequent year, an adjustment figure is required, but in Year 2, only the estimated collection, the estimated deficit/surplus and the Appeals Provision, Transition Costs and Bad Debt Provision charges form part of the Collection Fund. The Appeals Provision figure reflects estimated losses from businesses successfully appealing past rates while the bad debt provision reflects the probable non-payment of rates whose debt was legitimately raised.

49. 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 (LBLE) bills its ratepayers for the Crossrail BRS. This income is not the income of the authority and is not included in the Comprehensive Income and Expenditure Statement. Amounts deducted from BRS income to meet administrative expenses are the authority's income.

The accounting statement shows:

- Amounts required by statute to be credited to the Collection Fund, i.e. income collectable in respect of BRS
- Amounts to be debited to the Collection Fund, i.e. payments to the Council's BRS Account and administrative costs.

LAMBETH PENSION FUND STATEMENT OF ACCOUNTS 2014-15

FUND ACCOUNT	Note	2014/15 £'000	2013/14 £'000
Dealing with members ,employers and others directly involved in the fund			
Contributions	7	(54,959)	(54,850)
Transfer in from other pensions funds	8	(1,609)	(3,014)
		(56,568)	(57,864)
Benefits	9	48,381	47,653
Payments to and on account leavers	10	4,720	3,362
		53,101	51,015
Net increase in dealing with members ,employers and others directly involved in the fund		(3,467)	(6,849)
Management expenses	11	3,718	3,080
Returns on investments			
Investment Income	12	(31,878)	(30,518)
Tax on Income	13	682	505
Profit and loss on disposal of investments and changes in the market value of investments and currency	15a	(73,413)	(47,350)
Foreign Exchange loss		245	0
Net return on investments		(104,364)	(77,363)
Net increase in the net assets available for benefits during the year.		(104,113)	(81,132)
Net Assets of the fund at 1 April		1,032,163	951,031
Net Assets of the fund at 31 March		1,136,276	1,032,163

NET ASSET STATEMENT	Notes	2014-15 £'000	2013-14 £'000
Investment Assets	15	1,103,010	1,023,351
Cash Deposits	15	28,143	5,603
		1,131,153	1,028,954
Investment Liabilities			
Borrowings		-	-
Current Assets	20	18,289	15,131
Current Liabilities	21	(13,166)	(11,922)
Net assets of the fund available to fund benefits at the period end.		1,136,276	1,032,163

NOTE 1: DESCRIPTION OF FUND

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

The following description of the fund is a summary only. For more detail, reference should be made to the Lambeth Pension Fund Annual Report 2014/15 and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and The Local Government Pension Scheme (LGPS) Regulations.

a) General

The scheme is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

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

The fund is overseen by the Lambeth Pension Fund Committee, which is a committee of Lambeth Council.

b) Membership

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

Organisations participating in the 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 under an admission agreement between the fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 30 employer organisations within Lambeth Pension Fund including the Lambeth council itself, as detailed below.

Lambeth Pension Fund	31-Mar-15	31-Mar-14
Number of employers with active members	23	20
Number of employees in scheme		
Lambeth council	4652	4338
Other employers	587	496
Total	5239	4834
Number of pensioners		
Lambeth council	6521	6448
Other employers	105	77
Total	6626	6525
Deferred pensioners		
Lambeth council	7722	7533
Other employers	352	299
Total	8074	7832

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with The LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2015. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2013. Currently, employer contribution rates range from 8.8% to 31% of pensionable pay.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below.

	Service pre 1 April 2008	Service post 31 March 2008
Pension	Each year worked is worth $1/80 \times$ final pensionable salary.	Each year worked is worth $1/60 \times$ final pensionable salary.
Lump sum	Automatic lump sum of 3 x 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 sum. 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.

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of $1/49$ th. Accrued pension is updated annually in line with the Consumer Prices Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the Lambeth Pension Fund scheme handbook available from County Hall.

NOTE 2: BASIS OF PREPARATION

The Statement of Accounts summarises the fund's transactions for the 2014/15 financial year and its position at year-end as at 31 March 2015. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2014/15* 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 which fall due after the end of the financial year.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate.

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.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with The Local Government Pension Scheme Regulations (see notes 8 and 10).

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

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

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

c) Investment income

i) Interest income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. 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 financial 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 financial asset.

v) Movement in the net market value of investments

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due 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 pension fund administrative expenses. However, in the interests of greater transparency, the council discloses its pension fund management expenses in accordance with the CIPFA guidance *Accounting for Local Government Pension Scheme Management Costs*.

Administrative expenses

All administrative expenses are accounted for on an accruals basis. All staff costs of the pension administration team are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

Oversight and governance costs

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

Investment management expenses

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition the fund has negotiated with the following managers that an element of their fee be performance related:

- Blue Crest Management – Hedge Fund -Fund of Funds

The costs of the council's in-house fund management team are charged direct to the fund and a proportion of the council's costs representing management time spent by officers on investment management is also charged to the fund.

Net assets statement

h) Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. 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 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 ruling 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 council 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.

Directly held investments include investments in limited partnerships, shares in unlisted companies, trusts and bonds. Other 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 the fund's share of the net assets in the private equity fund or limited. Partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association.

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 which is reinvested in the fund, net of applicable withholding tax.

i) 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 currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

j) Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. Cash equivalents are short-term, highly 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

The fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the fund.

l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 19).

m) Additional voluntary contributions

Lambeth Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. The fund has appointed Prudential, equitable life and clerical medical as its AVC provider.

AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with section 4(2) (b) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only (Note 22)

NOTE 4: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Unquoted private equity investments

It is important to recognise the highly subjective nature of determining the fair value of private equity investments. They are inherently based on forward-looking estimates and judgements involving many factors. Unquoted private equities are valued by the investment managers using guidelines set out by the British Venture Capital Association. The value of unquoted private equities at 31 March 2015 was £44.3m (31 March 2014: £36.1m).

Pension fund liability

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 18. This estimate is subject to significant variances based on changes to the underlying assumptions.

NOTE 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 amounts reported for assets and liabilities at the balance sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account 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 net assets statement at 31 March 2015 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
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £169m. A 0.5% increase in assumed earnings inflation would increase the value of liabilities by approximately £166m, and a one-year increase in assumed life expectancy would increase the liability by approximately £54m.
Private equity	Private equity investments are valued at fair value in accordance with British Venture Capital Association guidelines. These investments are not publically listed and as such, there is a degree of estimation involved in the valuation. The valuation shown as at 31 March 2014 is £44.3m.	The total (called) private equity investment in the financial statement is £44.3m. There is a risk that this investment may be under-or overstated in the accounts. Private Equity is illiquid for holding until its maturity of 12 years.
Hedge fund of funds	The fund of funds is valued at the sum of the fair values provided by the administrators of the underlying funds plus adjustments that the fund of funds' directors or independent administrators judge necessary. These investments are not publically listed and as such there is a degree of estimation involved in the valuation.	The total hedge fund of funds value in the financial statements is £104.6m. There is a risk that the investment may be under or overstated in the accounts. The custodian reports a tolerance of +/- 5% in respect of the net asset values on which the hedge funds of funds valuation is based. This equates to a tolerance of +/- £5.2m.

NOTE 6: EVENTS AFTER THE REPORTING DATE

There have been no events since 31 March 2015, and up to the date when these accounts were authorised that require any adjustments to these accounts.

NOTE 7: CONTRIBUTIONS RECEIVABLE

Category	2014/15 £'000	2013/14 £'000
Employer	45,529	45,910
Members	9,430	8,940
Total	54,959	54,850

Authority	2014/15 £'000	2013/14 £'000
Scheduled Bodies	54,220	54,456
Admitted Bodies	466	175
Community Admission body	187	157
Transferee admission body	86	62
Total	54,959	54,850

Type	2014/15 £'000	2013/14 £'000
Employees' Normal Contribution	9,430	8,931
Employers' Normal Contribution	25,529	24,154
Employers' Deficit recovery Contribution	20,000	21,765
Total	54,959	54,850

NOTE 8: TRANSFERS IN FROM OTHER PENSION FUNDS

	2014/15 £'000	2013/14 £'000
Group Transfer	0	0
Individual Transfer	1,609	3,014
Total	1,609	3,014

NOTE 9: BENEFITS PAYABLE

Category	2014/15 £'000	2013/14 £'000
Pensions	41,119	39,423
Commutation and Lump sum retirement benefits	6,856	7,486
Lump sum death benefits	406	744
Total	48,381	47,653

NOTE 10: PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2014/15 £'000	2013/14 £'000
Refund to members leaving service	132	40
Individual Transfers	4,588	3,322
Total	4,720	3,362

NOTE 11: MANAGEMENT EXPENSES

	2014/15 £'000	2013/14 (Re stated) £'000
Administrative Cost	999	795
Investment management expenses	2,699	2,285
Oversight and governance costs	20	-
Total	3,718	3,080

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

In 2013/14, this was disclosed separately as administrative expenses (£904k) and investment expenses (£2,176k). Also 2013/14 figures has been restated to show the actuary cost of £109k under investment management expenses as per 2014/15 CIPFA disclosure requirement.

The investment management expenses above includes £539,512 (2013/14: £375,281) in respect of performance-related fees paid to the fund's investment managers.

In addition to these costs, indirect costs are

incurred through the bid-offer spread on investments sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of investments (see Note 15a).

NOTE 12: INVESTMENT INCOME

	2014/15	2013/14
	£'000	£'000
Fixed interest Securities	11,806	14,890
Equity dividends	5,500	4,734
Private Equity income	9,001	5,996
Pooled property investments	4,422	3,909
Pooled investments - unit trust and other managed funds	957	922
Interest on cash deposits	192	67
Total	31,878	30,518

NOTE 13: TAXES ON INCOME

	2014/15	2013/14
	£'000	£'000
Withholding tax – equities	546	465
Withholding tax – pooled	136	40
Total	682	505

NOTE 14: INVESTMENT EXPENSES

	2014/15	2013/14
	£'000	£'000
Management Fees	2,511	2,012
Custody fees	40	41
Performance monitoring fees -investment consultancy	91	124
Actuarial Fees	57	108
Total	2,699	2,285

The total management expenses incurred for the year was £6.8m of which only £2.5m was actually remitted; the remainder was deducted in the daily pricing of the individual portfolios.

NOTE 15: INVESTMENTS

Investments assets	2014/15	2013/14
	£'000	£'000
Equities	144,908	131,007
Pooled Funds	13,124	13,776
Unit Trusts	799,559	729,326
UK Unit Trusts - Property	101,110	113,125
Private Equity	44,309	36,117
Cash Instruments	27,728	6,557
Cash Deposits	415	(954)

NOTE 15A: RECONCILIATION OF MOVEMENTS IN INVESTMENTS

Investment Managers	01-Apr-14	Purchases	Sales	Realised gain/(loss)	Unrealised gain/(loss)	Un analysed Movement	31-Mar-15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adams Street	36,117	8,980	0	0	(788)	0	44,309
Insight	287,376	11,806	(2)	0	26,677	0	325,857
Baillie Gifford	134,036	0	0	0	26,032	0	160,068
Blue Crest	28,758	0	0	0	2,135	0	30,893
Invesco	111,539	0	0	0	(12,087)	0	99,452
Majedie	150,006	84,743	(79,985)	7,318	(1,282)	0	160,800
MFS	134,891	232	0	0	26,456	0	161,579
PAAMCO	73,116	0	0	0	564	0	73,680
Principal	28,025	64	(27,864)	(9,762)	9,537	0	0
RREEF	1,586	0	(54)	(663)	789	0	1,658
Standard Life	43,127	0	0	0	4,356	0	47,483
State street-Liquidity Fund	0	24,990	0	0	0	0	24,990
Cash	377	0	0	0	0	7	384
TOTAL	1,028,954	130,815	(107,905)	(3,107)	82,389	7	1,131,153

Transaction costs are included in the cost of purchases and in sales proceeds. These include costs charged directly to the Fund, such as fees, commissions, stamp duty and other fees. Transactions cost incurred during the year total £362k (£381k in 2013/14). In addition to these costs, indirect costs are incurred through the bid-offer spread on investments within pooled investments.

Investment Managers	01-Apr-13	Purchases	Sales	Realised gain/(loss)	Unrealised gain/(loss)	Un analysed Movement	31-Mar-14
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adams Street	36,557	2,623	0	0	(3,063)	0	36,117
Insight	279,787	9,175	(161)	0	(1,425)	0	287,376
Baillie Gifford	118,856	0	0	0	15,180	0	134,036
Blue Crest	28,254	0	0	0	504	0	28,758
Invesco	93,255	18,529	0	0	(245)	0	111,539
Majedie	123,255	103,203	(97,500)	16,041	5,007	0	150,006
MFS	124,715	204	0	0	9,972	0	134,891
PAAMCO	65,742	0	0	0	7,374	0	73,116
Principal	32,843	71	0	0	(4,889)	0	28,025
RREEF	1,417	0	0	0	169	0	1,586
Standard Life	41,732	0	0	0	1,395	0	43,127
Cash	10,682	0	0	0		(10,305)	377
TOTAL	957,095	133,805	(97,661)	16,041	29,979	(10,305)	1,028,954

NOTE 15B: ANALYSIS OF INVESTMENTS

Investment Analysed by Fund Managers

	2014/15	%	2013/14	%
	£'000		£'000	
Adam Street	44,309	3.9	36,117	3.5
Baillie Gifford	160,068	14.2	134,036	13.0
Blue Crest	30,893	2.7	28,758	2.8
Invesco	99,452	8.8	111,539	10.8
Insight	325,856	28.8	287,376	27.9
Majedie	160,801	14.2	150,006	14.6
MFS	161,579	14.3	134,891	13.1
PAAMCO	73,680	6.5	73,116	7.2
Principal	0	0	28,025	2.7
RREEF	1,658	0.1	1,586	0.2
Standard Life	47,483	4.2	43,127	4.2
State Street	25,374	2.3	377	0
TOTAL	1,131,153	100.0	1,028,954	100.0

NOTE 16: FINANCIAL INSTRUMENTS

NOTE 16A: CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the carrying amounts of financial assets and liabilities (excluding cash) by category and net assets statement heading. No financial assets were reclassified during the accounting period

	2014/15			2013/14		
	Designated as fair value through profit & loss	Loans & Receivable	Financial Liabilities at amortised cost	Designated as fair value through profit & loss	Loans & Receivable	Financial Liabilities at amortised cost
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Assets						
Equities	144,908	0	0	131,007	0	0
Pooled funds	13,124	0	0	13,776	0	0
Unit trust	799,559	0	0	729,327	0	0
Pooled property Investments	101,110	0	0	113,125	0	0
Private Equity	44,309	0	0	36,117	0	0
Cash and cash Instruments	0	40,084	0	0	14,619	0
Debtors	0	6,348	0	0	6,115	0
	1,103,010	46,432	0	1,023,352	20,734	0
Financial Liabilities						
Creditors	0	0	(13,166)	0	0	(11,922)
Total	1,103,010	46,432	(13,166)	1,023,352	20,734	(11,922)

NOTE 16B: NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

The net gain or loss through profit and loss on financial assets was £73.4m (£47.3m 2013/14)

NOTE 16C: FAIR VALUE OF FINANCIAL INSTRUMENTS AND LIABILITIES

There is no difference between the fair value and carrying value of the financial instruments and liabilities.

NOTE 16D: VALUATION OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values. The following table provides an analysis of the financial assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Values as 31 March 2015	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£'000	£'000	£'000	
Financial Assets				
Financial assets at fair value through profit and loss				
Equity	144,908	0	0	160,770
Pooled funds	13,124	0	0	13,124
Unit Trust	694,986	0	104,573	799,560
Property- Unit trust	0	101,110	0	101,110
Private Equity	0	0	44,309	44,309
Cash	28,143	0	0	28,143
Total	881,161	101,110	148,882	1,131,153

Values as 31 March 2014	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£'000	£'000	£'000	
Financial Assets				
Financial assets at fair value through profit and loss				
Equity	131,007	0	0	131,007
Pooled funds	13,776			13,776
Unit Trust	627,452	0	101,874	729,326
Property- Unit trust	0	113,125	0	113,125
Private Equity	0	0	36,117	36,117
Cash	5603			5,603
Total	777,838	113,125	137,991	1,028,954

NOTE 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 asset 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 Council manage these investments risks as part of its overall Pension Fund risk management programme.

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

a) Market

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 council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The fund manages these risks in two ways:

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

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

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The fund is exposed to share and derivative price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

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

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the fund's investment advisors, the council has determined that the following movements in market price risk are reasonably possible for the 2015/16 reporting period.

The potential price changes disclosed below are broadly consistent with a one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment advisors' most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the fund investments increased/decreased the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown below).

Asset Type	Value as at 31 Mar 15 £'000	Percentage Change %	Value on Increase £'000	Value on decrease £'000
Cash and cash equivalents	40,084	0	40,084	40,084
Investment Portfolio assets:				
Equities & Pooled Fund	158,032	10.30%	174,310	141,755
Global Equities- Unit Trust	321,647	8.96%	350,467	292,828
Property - Unit Trust	101,110	3.63%	104,780	97,440
Diversified Growth - Unit Trust	47,483	3.28%	49,041	45,926
Hedge Fund - Unit Trust	104,573	4.20%	108,965	100,181
Corporate Bond - Unit Trust	325,856	5.77%	344,658	307,054
Private Equity	44,309	5.18%	46,604	42,014
Investment income due and other debtors	6,348	0	6,348	6,348
Amount payable to Inland revenue	(22)	0	(22)	(22)
Outstanding settlements	(5,890)	0	(5,890)	(5,890)
Amount payable to LB Lambeth	(7,254)	0	(7,254)	(7,254)
Total assets available to pay benefits	1,136,276		1,212,090	1,059,795

Asset Type	Value as at	Percentage	Value on	Value on
	31 Mar 14	Change	Increase	decrease
	£'000	%	£'000	£'000
Cash and cash equivalents	14,620	0	14,620	14,620
Investment Portfolio assets:				
Equities	120,001	12.26%	134,713	105,289
Global Equities- Unit Trust	293,709	11.22%	326,663	260,755
Property - Unit Trust	113,125	2.74%	116,225	110,025
Active currency - Unit Trust	28,025	6.77%	29,922	26,128
Diversified Growth - Unit Trust	43,127	4.43%	45,038	41,216
Hedge Fund - Unit Trust	101,874	4.48%	106,438	97,310
Corporate Bond - Unit Trust	287,372	5.31%	302,633	272,113
Private Equity	36,117	5.28%	38,024	34,210
Investment income due	6,115	0	6,115	6,115
Amount payable to Inland revenue	(9)	0	(9)	(9)
Amount payable to LB Lambeth	(11,913)	0	(11,913)	(11,913)
Total assets available to pay benefits	1,032,163		1,108,469	955,859

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 council 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 2015 and 31 March 2014 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Asset Type	Carrying amount as	Carrying amount as
	at 31 Mar 15	at 31 Mar 14
	£'000	£'000
Investment Cash	28,143	6,557
Cash Balances	11,941	8,062
Fixed interest Securities	325,856	287,373
Total	365,940	301,992

Interest rate risk sensitivity analysis

The council 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 point (BPS) 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 and experience suggests that such movements are likely.

The analysis that follows 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 BPS change in interest rates.

Asset Type	Carrying amount as at 31 Mar 15	Effect on asset values	
	£'000	+100BPS	-100BPS
Investment Cash	28,143	2,814	(2,814)
Cash Balances	11,941	1,194	(1,194)
Fixed interest Securities	325,856	32,586	(32,586)
Total change in assets value	365,940	36,594	(36,594)

Income Source	Carrying amount as at 31 Mar 15	Effect on asset values	
	£'000	+100BPS	-100BPS
Cash deposits/ cash and cash equivalents	192	19	(19)
Fixed interest Securities	8,771	877	(877)
Total change in income receivable	8,963	896	(896)

This analysis demonstrates that a 10% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on 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 (£UK). The fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

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

The following table summarises the fund's currency exposure as at 31 March 2015 and as at the previous period end.

Currency risk – sensitivity analysis

Following analysis of historical data in consultation with the fund investment advisors, the council considers the likely volatility associated with foreign exchange rate movements to be 13% (as measured by one standard deviation).

A 13% fluctuation in the currency is considered reasonable based on the fund advisor's analysis of long-term historical movements in the month-end exchange rates over a rolling 36-month period.

This analysis assumes that all other variables, in particular interest rates, remain constant. A 13% 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

Currency exposure - asset Type	Asset value as at 31 March 2015	Change in Net assets available to pay benefits	
	£'000	£'000	£'000
Global Equities	353,117	45,905	(45,905)
Private Equity	44,309	5,760	(5,760)
Property	101,110	13,144	(13,144)
Total change in assets available	467,066	64,809	(64,809)

Currency exposure - asset type	Asset value as at 31 March 2014 £'000	Change in Net assets available to pay benefits	
		+13% £'000	-13% £'000
Global Equities	293,709	38,182	(38,182)
Private Equity	36,117	4,695	(4,695)
Property	111,542	14,500	(14,500)
Total change in assets available	441,368	57,377	(57,377)

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 values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the fund's financial assets and liabilities.

The council 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 2015 was £40.3m (31 March 2014: £16m). This was held with the following institutions.

Summary	Rating	31-Mar-15	31-Mar-14
		£'000	£'000
Money Market Funds			
State Street- Liquidity Fund	AAA	25,405	377
Majedie Asset Management		2,738	6,557
Bank deposits and current account			
Royal Bank of Scotland	A	11,941	9,017
Total		40,084	15,951

Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The council therefore takes steps to ensure that the pension fund has 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 the pensioner payroll costs; and also cash to meet investment commitments.

The council has immediate access to its pension fund cash holding.

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 council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

NOTE 18: FUNDING ARRANGEMENTS

In line with The Local Government Pension Scheme 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 last such valuation took place as at 31 March 2013. The next valuation will take place as at 31 March 2016.

The key elements of the funding policy are:

- to ensure the long-term solvency of the fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment.
- to ensure that employer contribution rates are as stable as possible.
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return.
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so.
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Normally this is three years but in some cases a maximum period of 12 years can be granted. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable. When an employer's funding level is less than 10% of the 100% funding target, then a deficit recovery plan will be put in place requiring additional contributions from the employer to meet the shortfall.

At the 2013 actuarial valuation, the fund was assessed as 72.6% funded (72.5% at the March 2010 valuation). This corresponded to a deficit of £359m (2010 valuation: £290m) at that time.

Contribution increases were phased in over the three-year period ending 31 March 2017 for both scheme employers and admitted bodies. The common contribution rate (i.e. the rate which all employers in the fund pay) is 16.8% till the next triennial valuation in 2016.

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2013 actuarial valuation report and the funding strategy statement on the fund's website.

The valuation of the fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were as follows.

Financial assumptions

Investment Return (discount rate)	4.60%	Based on 25 year bond returns extrapolated to reflect the duration of the fund's Liability
Inflation	3.30%	Assumed to be RPI
Salary Increase	4.30%	
Pension Increase	2.50%	Assumed to be 0.5% less than RPI

Mortality assumptions

Future life expectancy based on the actuary's fund-specific mortality review was as follows.

Mortality assumptions at age 65	Male	Female
Current Pensioners	21.7 years	24.0 years
Future Pensioners (assumed current age 45)	24.3 years	26.6 years

Historic mortality assumptions

Life expectancy for the year ended 31 March 2013 are based on PFA92 and PMA92 actuarial tables. The allowances for future life expectancy are as follows.

Prospective pensioners	Current pensioners
Year of birth, medium cohort and 1% per annum minimum improvement from 2010	Year of birth, medium cohort and 1% per annum minimum improvement from 2010

Commutation assumption

It is assumed that future retirees will take 50% of the maximum additional tax-free lump sum up to HMRC limits for pre-April 2008 service and 75% of the maximum for post-April 2008 service.

NOTE 19: ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation, the fund's actuary also undertakes a valuation of the pension fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future. In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 18). The actuary has also used valued ill health and death benefits in line with IAS 19.

Calculated on an IAS 19 basis, the actuarial present value of promised retirement benefits at 31 March 2015 was £1,777m (31 March 2014: £1,509m). The net assets available to pay benefits as at 31 March 2015 was £1,135.3m (31 March 2014: £1,032.1m). The implied fund deficit as at 31 March 2014 was therefore £641.7m (31 March 2014: £476.9m).

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2013 triennial funding valuation (see Note 18) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Assumptions used	
Inflation/pension increase rate assumption	2.4%
Salary increase rate	4.3%
Discount rate	3.2%

NOTE 20: CURRENT ASSETS

	31-Mar-15	31-Mar-14
	£'000	£'000
Debtors		
Accrued income receivable	6,317	6,115
Pension payroll control account	31	0
Cash Balances	11,941	9,016
Total	18,289	15,131

NOTE 21: CURRENT LIABILITIES

	31-Mar-15	31-Mar-14
	£'000	£'000
Inland Revenue	22	9
Outstanding settlements	5,890	0
Due to London Borough of Lambeth	7,254	11,913
Total	13,166	11,922

NOTE 22: ADDITIONAL VOLUNTARY CONTRIBUTIONS

Name	Market Value	Market Value
	31-Mar-15	31-Mar-14
Prudential	1,208	1,059
Equitable Life	243	453
Clerical Medical	105	262
Total	1,556	1,774

NOTE 23: RELATED PARTY TRANSACTIONS

The Lambeth Pension Fund is administered by Lambeth Council. Consequently there is a strong relationship between the council and the pension fund.

During the reporting period, the council incurred costs of £1.0m (2013/14: £0.9m) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses. The council is also the single largest employer of members of the pension fund and contributed £41.7m to the fund in 2014/15 (2013/14: £42.9m). The amount payable to the council as at 31 March 2015 shown as current liability.

Governance

There are no elected members of the Pension Fund Investment Panel (PFIP) who are in receipt of pension benefits from the Lambeth Pension Fund but two pensioner representatives are in receipt of pension benefits from the Lambeth Pension Fund. In addition, PFIP staff representatives D.Okechukwu and L.Osborne and trade union representative J Rogers are active members of the pension fund.

Each member of the PFIP is required to declare their interests at each meeting.

NOTE 24: CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

The total commitments as at 31 March 2015 is £88.3m and the outstanding capital commitments (investments) is £35.1m (31 March 2014: total commitment £51.3m and outstanding was £6.9m).

These commitments relate to outstanding call payments due on Private Equity parts of portfolio. The amounts 'called' by this fund are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

NOTE 25: CONTINGENT ASSETS

Admitted body employers in the Lambeth Pension Fund hold bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the pension fund and payment will only be triggered in the event of employer default

A GLOSSARY OF LOCAL AUTHORITY FINANCIAL TERMS AND ABBREVIATIONS

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

Accruals

The accruals concept means that transactions within the Comprehensive Income & Expenditure Statement are recognised as they are earned or incurred and not as money is received or paid. For example, if an invoice relating to March 2012 is expected to arrive in April 2012, it will be accounted for in the 2011/12 accounts (the financial year it relates to), not the 2012/13 accounts (the financial year it arrives in.)

Balance sheet

This statement is fundamental to the understanding of an authority's financial position at year end. It shows:

- the balances and reserves at an authority's disposal
- long-term indebtedness (which is over one year)
- the long-term and net current assets employed in its operations
- summarised information on the long-term assets (items that are held for more than one year) by category

Capital expenditure

Expenditure on the purchase, construction improvement of significant assets including land, buildings, equipment, or even investments which will be of use or benefit in providing services for more than one financial year. Expenditure can only be treated as "Capital" if it meets the statutory definitions and is in accordance with "Proper Accounting Practices"

Collection Fund

A statutory fund used to record the billing and collection of council tax and non-domestic rates. Though it is independent of the General Fund, payments are made from it to support the General Fund services of the billing and precepting authorities (in our case, the London Borough of Lambeth and the Greater London Authority respectively) and to the national business rate pool.

Comprehensive Income and Expenditure Statement

A statement that reports the net cost for the year of all the functions for which the authority is responsible, and demonstrates how that cost has been financed from general government grants and income from taxpayers. The most obvious difference from the Income and Expenditure Statement (which, under IFRS, it replaces) is that it now includes the Statement of Total Recognised Gains and Losses (STRGL).

Condition

With reference to grants, a condition typically means that the grant awarding body may ask for it back if it is not used for a stated purpose. This is not the same as a specific grant, which is given for a specific purpose but which may legally be spent on something else if the recipient sees fit.

Grants may either be "with conditions" or "without conditions" – the nearest equivalent terms previously used were "ring fenced" and "non-ring fenced."

Contingent assets and liabilities

A contingency is a condition which exists at the balance sheet date, the outcome of which depends on one or more uncertain future events and which cannot, therefore, be reliably or accurately estimated. Contingencies in the Council's favour are called contingent assets; contingencies which, if realised, would incur a cost to the Council are called contingent liabilities.

Depreciation

The measure of wearing out, consuming, or other reduction in the useful economic life of a fixed asset, whether arising from use, passing of time or obsolescence. It means that, rather than the whole cost of an asset being charged to revenue in the year in which it is acquired, the cost is spread out over the life of the asset.

General Fund (GF)

The account that summarises the revenue cost of providing services that are met by the Council's demand on the collection fund, specific government grants and other income

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future; in particular, that the revenue accounts and balance sheet are not based on the assumption of an intention to curtail significantly the scale of operations.

Housing Revenue Account (HRA)

A statutory account that contains all expenditure and income to on the provision of council housing for rent.

The HRA is ring-fenced account outside the General Fund. Local authorities are not allowed to make up deficit on the HRA from its own resources.

Matching

The matching concept says that expenditure and income transactions, including accruals, are matched with one another so far as their relationship can be established, or justifiably assumed, and dealt with in the period to which they relate.

Materiality

Financial statements often cannot be precisely accurate but that this need not detract from their ability to be fairly stated. Within certain limits, a tolerance is permitted in measurement and disclosure of financial statement items. The concept of materiality determines the acceptability of the degree of this tolerance.

Movement In Reserves statement (MIRs)

This replaces the **Statement of Movement on the General Fund Balance (SMGFB)**, reconciling the Comprehensive Income and Expenditure Statement for the year with the authority's budget requirement, which is governed by statute and differs in certain key respects from accounting conventions.

Provisions

Amounts set aside for any liability or loss that is likely to be incurred, but where the exact amount and date is uncertain.

Prudence

The prudence concept states that revenue is not anticipated but is to be recognised only when realised in the form either of cash, or of other assets whose ultimate cash realisation can be assessed with reasonable certainty.

Revenue Expenditure Funded From Capital Under Statute (REFFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions, but does not result in the creation or enhancement of Council Owned assets.

Reserves

Funds set aside to meet future expenditure which falls outside the definition of provisions. Reserves can be for general contingencies and to provide working balances, or earmarked for specific future expenditure.

Note that certain reserves are statutory in nature – for example, the Council is obliged to hold a revaluation reserve and its use is closely prescribed under the IFRS as interpreted for use in local government. The Council has no discretion in the existence or use of these reserves.

Statement of Movement on the HRA Balance

Similar to the General Fund's **Movement In Reserves statement**, this reconciles the HRA Income and Expenditure account for the year with the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

Statutory provision for the financing of capital investment

Formerly known as the **Minimum Revenue Provision (MRP)**, this is the minimum amount that must be charged to a local authority's revenue account each year and set aside to provide for debt repayment or other credit liabilities.

Substance over form

The concept of substance over form requires that transactions and other events are accounted for and represented in financial statements with regard to their economic substance and financial reality rather than just their legal form.