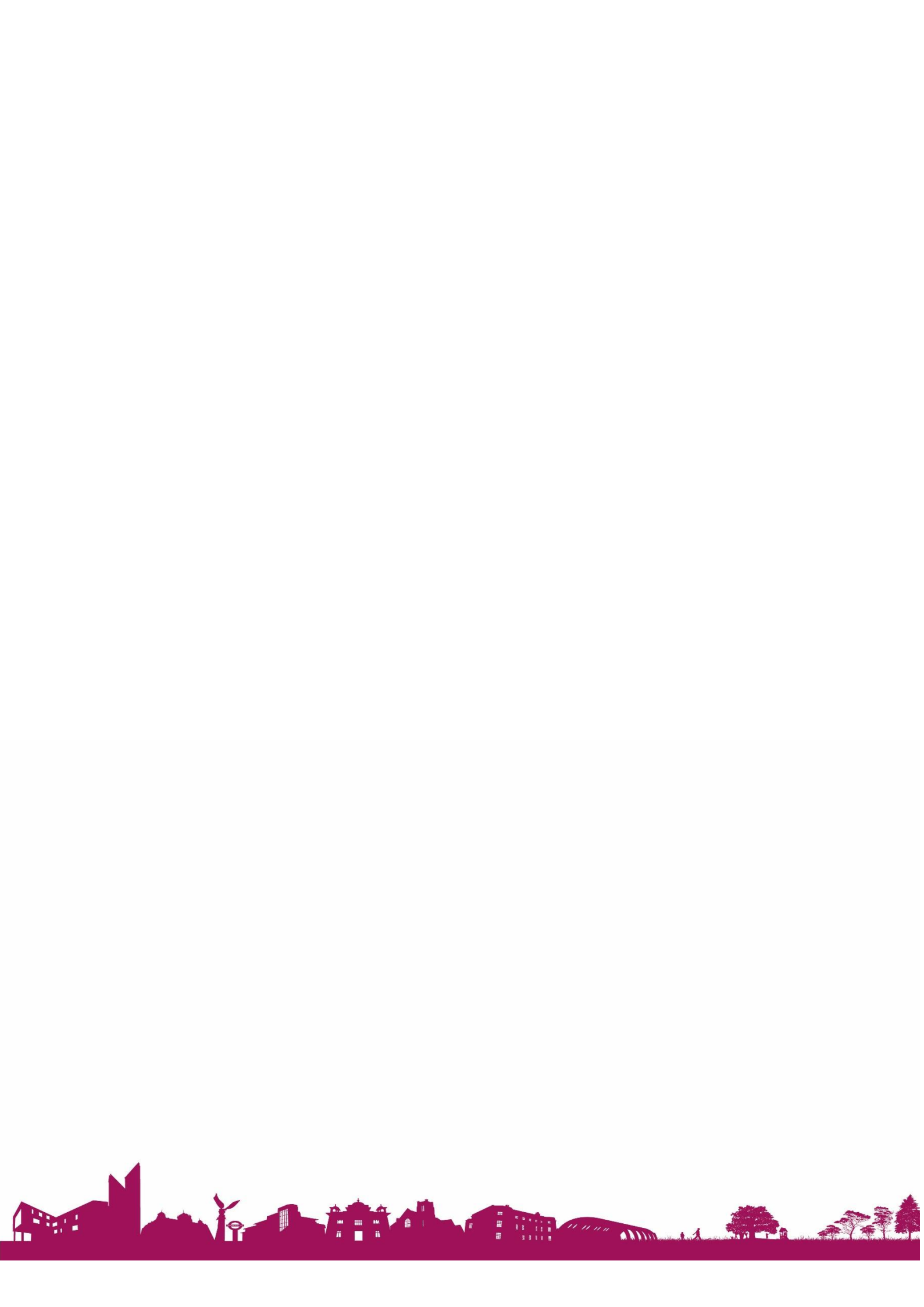


Draft Statement of Accounts 2024/25



Contents

| | |
|--|-----|
| Narrative Report..... | 5 |
| Forward Plan 2025/26 - 2029/30..... | 20 |
| Statement of Responsibilities | 29 |
| Independent Auditor’s Report to the Members of the London Borough of Redbridge..... | 30 |
| Comprehensive Income and Expenditure Statement | 31 |
| Movement in Reserves Statement..... | 32 |
| Balance Sheet..... | 34 |
| Cash Flow Statement..... | 35 |
| Notes to the Accounts..... | 36 |
| Housing Revenue Account Income and Expenditure Statement..... | 104 |
| Notes to the Housing Revenue Account | 105 |
| Collection Fund..... | 108 |
| Notes to the Collection Fund..... | 109 |
| Independent Auditor’s Report to the Members of London Borough of Redbirdge on the Pension Fund’s Financial Statements..... | 110 |
| Pension Fund Account for the Year Ended 31 March 2025 | 111 |
| Notes to the Pension Fund Account | 112 |
| Annual Governance Statement 2024/25 | 132 |
| Glossary..... | 156 |

Notes to the Accounts Index

| Note | Page |
|--|------|
| 1 Statement of Material Accounting Policies | 36 |
| 2 Accounting Standards issued but not yet Adopted | 50 |
| 3 Critical Judgements in applying Accounting Policies | 51 |
| Assumptions made about the future and other major sources of estimation | |
| 4 uncertainty | 51 |
| 5 Events after the Reporting Period | 53 |
| 6 Expenditure and Funding Analysis | 54 |
| 7 Adjustments between Accounting Basis and Funding Basis under Regulations | 57 |
| 8 Transfers to/from Reserves and Balances | 60 |
| 9 Other Operating Expenditure | 61 |
| 10 Financing and Investment Income and Expenditure | 61 |
| 11 Taxation and Non-Specific Grant Income | 61 |
| 12 Property, Plant and Equipment | 62 |
| 13 Investment Property | 66 |
| 14 Intangible Assets | 67 |
| 15 Impairment Losses | 67 |
| 16 Private Finance Initiative | 67 |
| 17 Assets held for sale | 69 |
| 18 Debtors | 69 |
| 19 Cash and Cash Equivalents | 70 |
| 20 Creditors | 70 |
| 21 Provisions | 71 |
| 22 Financial Instruments | 72 |
| 23 Nature and Extent of Risks arising from Financial Instruments | 75 |
| 24 Other Long-Term Liabilities | 79 |
| 25 Unusable Reserves | 79 |
| 26 Grant Income | 83 |
| 27 Disclosure of Deployment of Dedicated Schools Grant in 2024/25 | 85 |
| 28 Leases | 86 |
| 29 Capital Expenditure and Capital Financing | 89 |
| 30 Termination Benefits | 90 |
| 31 Officers' Remuneration | 90 |
| 32 Members' Allowances | 92 |
| 33 Related Parties | 92 |
| 34 External Audit Costs | 93 |
| 35 Pooled Budgets | 93 |
| 36 Pension Schemes Accounted for as a Defined Contribution Scheme | 94 |
| 37 Defined Benefit Pension Scheme | 95 |
| 38 Notes to the Cashflow Statement | 101 |
| 39 Going Concern | 102 |

Narrative Report

This report provides information on Redbridge Council's:

- Non-financial Strategies and Performance
 - Population and geography, main strategic objectives and plans including 2023/24 performance indicators, and
 - The principal risks that it faces.
- Financial Position, Performance and Strategy
 - An overview of the Key Financial Statements included in the detailed Statement of Accounts.
 - A review on how the Council has used its resources to achieve its desired outcomes, demonstrating value for money in the use of its resources
 - The financial outlook for the council and highlights of the Medium-Term Financial Strategy

About Redbridge

Population and Geography

- Redbridge is an outer northeast London Borough, it is the 10th largest London borough in size with the 11th largest population having grown 11% between the 2011 and 2021 Census to 310,260 residents. We have areas of high deprivation where our residents are struggling to manage the rising cost of living, as well as some of the greenest too, with over 35 parks, play areas and open spaces to enjoy.
- Redbridge is the 3rd most diverse borough in London with over 100 languages spoken and 50 nationalities represented. We continue to be increasingly diverse with over 65.2% of Redbridge residents from ethnic minority backgrounds. Over 25% of our residents, and 56.8% of pupils in our schools do not speak English as their main language.
- Redbridge is also very religiously diverse - 36.83% identify as Christian, 23.3% Muslim, 11.4% Hindu, 6.2% Sikh, 3.7% Jewish and 10.8% saying that they have no religion.

Council Management and Reporting Structure

The Council's management structure of Directorates support the Strategic Delivery Plan's priority to build a brilliant Council. The Directorate structure during the year was as follows:

- Communities which include Housing, Civic Pride and Highways
- People which include Adult Social Services, Children and Families, Education and Inclusion and Public Health
- Regeneration & Culture which includes Regeneration & Property and Leisure & Culture
- Resources which include Finance, Information Technology and Revenue, Benefits and Transactional Centre
- Strategy which include Policy, Equalities and Communications, Assurance, Intelligence, Insights & Change Service, Communications and Human Resources. Costs in relation to the Chief Executive are also reported under Strategy.
- Corporate which includes Treasury and Investment management
- Local Authority Housing (HRA) This includes responsibility for the councils housing stock

Redbridge's Corporate Plan 2022-26

In 2022 the [Redbridge Plan](#) was approved by Cabinet. The Plan sets out the Council's priorities for the period up until 2026. The Council's key ambitions are tackling poverty and building a cleaner, greener, fairer, and healthier borough, as, while unleashing its untapped potential following a period of uncertainty caused by the COVID-19 pandemic.

The plan was built on engagement and research with residents; engagement with staff and partners; and engagement with elected representatives. It contains commitments from the Administration and the priorities of all the service areas across the Council. These priorities are structured into themes, namely:

- Homes and Neighbourhoods
- Clean and Green
- Safe and Healthy
- Jobs and Skills
- One Brilliant Council

Under each theme is a set of objectives, which we will work to achieve in the four-year period to make Redbridge a great place for everyone.

Overview of Corporate Performance

The new Corporate Performance Scorecard reflects the Council's priorities as set out in the Redbridge Plan 2022-2026. The table below summarises the end of 2024/25 Corporate Performance Scorecard.

| | Data Only | Not Available | Red | Amber | Green |
|---|-----------|---------------|-----|-------|-------|
| Housing & Homelessness (14) | 0 | 3 | 3 | 5 | 3 |
| Planning & Economic Growth (14) | 0 | 5 | 0 | 4 | 5 |
| Leisure, Culture & Communities (11) | 1 | 3 | 0 | 0 | 7 |
| Environment & Sustainability (22) | 1 | 3 | 3 | 4 | 11 |
| Enforcement & Community Safety (12) | 1 | 9 | 0 | 0 | 2 |
| Children, Young People & Education (14) | 1 | 1 | 1 | 3 | 8 |
| Adult Social Care & Health (14) | 6 | 4 | 1 | 2 | 1 |
| Finance, Regeneration Property (4) | 0 | 0 | 0 | 2 | 2 |
| Resources & Transformation (7) | 2 | 1 | 2 | 2 | 0 |

*Data only; a target has not been set, as the measure is either outside of direct control or is not considered appropriate

* Not Available; the data is currently awaited or there is a lag in data being available

| | |
|--------------|---|
| Red | The KPI is over 10% below target |
| Amber | The KPI is currently within 10% of the set target |
| Green | The KPI is meeting or exceeding the set target |

The corporate score card contains 112 measures. Of the measures that are RAG rated 55% (39) achieved the set target by the end of the year. 31% (22) narrowly missed target by 10% and 14% (10) are Red, and over 10% off achieving the target

Housing & Homelessness Cllr Saima Ahmed

| Ref | Indicator | Outturn 2024/25 | Target 2024/25 |
|--------------|---|--------------------|---------------------|
| A1 | Deliver 500 council homes between 2022 and 2026 (100 per year) | 533 | 151 |
| A2 | Deliver 1,000 affordable homes between 2022 and 2026 (200 per year) | 381 | 200 |
| B1 | % of prevention/ relief cases that are successfully prevented or relieved by keeping applicant where they are or offering alternative accommodation | 58.20% | 50% |
| B2 | Number of Rough Sleepers (annual count of actual numbers on streets) | 40 | < 30 |
| B3 | Number of households living in temporary accommodation | 2830 | <2700 |
| B4 | No of Families with children in Bed and Breakfast 6wks | 35 | 0 |
| B5 | Eviction rate in Redbridge (per 10,000), in social or private rented | 3.8 | Data Only |
| C5 | Proportion of Council Housing repair emergency requests completed in time | 100% | 99% |
| C6 | TP02: Satisfaction with repairs | 70.3% | 70% |
| C7 | Gas Safety Boiler Checks Compliant | 100% | 100% |
| C8 | TP04: Satisfaction that the home is well-maintained | 66.70% | 70% |
| C9 | TP10: Satisfaction that the landlord keeps communal areas clean and well-maintained | 66.80% | 70% |
| C10 | RP01: Homes that do not meet the Decent Homes Standard | 6.87% | 10% |
| C1 | Hazards resolved out of total hazards identified during Housing Health and Safety Rating System (HHSRS) inspections of rented properties (%) | 100% | 95% |
| C2 ii | % of housing related enforcement notices not complied with which results in a financial penalty or prosecution. | 3% | - |
| C3 | Proportion of Licenced properties inspected within the period of their Licence (I) Selective HMOs) | 42% | 90% (by April 2029) |
| ii) | Above indicator for ii) Additional HMOs | 46% | 90% (by April 2029) |
| iii) | Above indicator for iii) Mandatory HMOs | 125% | 90% (by April 2029) |

Planning & Economic Growth Cllr Sahdia Warraich

| Ref | Indicator | Outturn 2024/25 | Target 2024/25 |
|-----|---|--------------------|-------------------|
| A3 | Proportion MAJOR Planning applications determined within target (13wks or agreed extension of time) | 66.67% | 90% |
| A4 | Proportion MINOR Planning applications determined within target (8wks or agreed extension of time) | 92.60% | 75% |
| A5 | Proportion ALL Planning applications determined within target (within agreed time) | 95.29% | 85% |
| U1 | No. of residents supported into work and self-employment | 457 | 370 |
| U2 | Internal council referrals to Work Redbridge | 185 | 700 |
| U3 | Employment Rate in Redbridge | 69.60% | 78% |
| V1 | No. of Redbridge residents that engage with AEB funded training that 19+ (Aug- July) | Due July 2025 | |
| V2 | No. of adults on roll for 'adults' skills courses' at Redbridge Institute | Due July 2025 | |
| V3 | Borough level 2 qualification rates vs London average | Due July 2025 | |
| Y2 | No. of businesses supported to grow | 142 | 35 |
| Y3 | 'How satisfied are you that Redbridge is the right place for you to be doing business?' | 80% | 70% |
| W1 | Annual Average Wage in Redbridge for Full Time Worker (ONS) | Due July 2025 | |
| Y1 | No. of businesses supported to start up | 99 | 35 |
| X6 | One year Business survival rate (annual April ONS) | Due end 2025 | - |
| WR1 | Number of residents receiving Information, Advice and Guidance | 1391 | 1200 |
| WR2 | Nos of Work Redbridge clients entering paid employment, apprenticeships, or self employed | 458 | 350 |
| WR3 | Number of Work Redbridge clients commencing education or training programme; | 790 | 200 |
| WR4 | The number of Work Redbridge Clients receiving meetings, emails or telephone call from Work Redbridge about benefits uptake | 535 | 150 |
| WR5 | Total referrals from internal Council Teams | 845 | 700 |

Finance Cllr Vanisha Solankii

| Ref | Indicator | Outturn 2024/25 | Target 2024/25 |
|-----|---|--------------------|-------------------|
| Z1 | Collection rates of council tax | 95.82% | 97.25% |
| Z2 | Collection rates of business rates (%) | 92.67% | 98% |
| Z3 | Time taken to process housing benefit claims (days) | 3.46 days | 5.5 days |
| Z4 | Time taken to process council tax reduction claims (days) | 3.19 days | 7 days |

Environment & Sustainability Cllr Jo Blackman

| Ref | Indicator | Outturn 2024/25 | Target 2024/25 |
|--------------|---|--------------------|----------------------------|
| G1 | Streets Meeting Acceptable Cleanliness (%) | 97% | 95% |
| G2 | Reported fly tips cleared within 1 Business Day (%) | 97% | 99% |
| G3 | Number of Volunteer Hours (Parks and Nature Conservation) | 10,493 | 5000 |
| G4 | Number of Fixed Penalty Charge Notices issued for Littering | 2502 | Data Only |
| G5i | % of Category 1 Emergency Highway defects repaired or made safe on time (2 hrs) | 100% | 98% |
| G5ii | % Category 2 Highway defects, including potholes, paving and kerbs, repaired or made safe on time(24hrs) | 99.35% | 98% |
| G5iii | % Category 3 Highways defects, including potholes, paving and kerbs, repaired or made safe on time (3 days) | 100% | 98% |
| G6 | Road gullies compliance with schedule of planned maintenance (%) | 100% | 100% |
| L5 | Plant 20,000 trees between 2022 and 2026 | 3027 | 600 |
| H1 | Reduction in LBR fleet fuel use | 807,408 | <5% 857435 |
| I1 | Total Household Waste Arising (refuse and recycling) (tonnes) | 98,804 | 102535 <955kg per HH |
| I2 | Recycling rate (%) | 28% | 33.5% |
| I3 | Residual HH Waste per HH (kg) | 148 | 650 |
| I4 | Justified Missed Collections (per 100,000 collections i) recycling | 17 | 60 |
| | ii) Residual waste | 24 | 60 |
| | ii) Combined waste | 21 | 60 |
| I5 | Bulky collections within 7 days (or timeframe as requested) | 83% | 100% |
| J1 | Miles of cycle routes in the borough | 6 | 5 |
| J2 | Rollout of school streets - Locations. | 7 | 7 |
| K4 | Number of Council provided publicly accessible Electric Vehicle Charging Points (EVCPs) per 100,000 Population. | 137.6 | 120.5 |
| L2 | Number of children and young people participating in outdoor classroom education sessions | Due July 2025 | 280 |

Enforcement & Community Safety Cllr Khayer M.R Chowdhury

| Ref | Indicator | Outturn 2024/25 | Target 2024/25 |
|-----|--|-----------------|------------------|
| M1 | Number of Burglaries | 278 | <310 Per Quarter |
| M2 | Number of Vehicle Crimes | 690 | <969 Per Quarter |
| M3 | Number of Robberies | 183 | <211 Per Quarter |
| M6 | Number of Violence with injury incidents | 430 | <611 per quarter |
| M7 | Fear of crime – People that think that the police do a good job in the local area (annual) | 45% | 44% |
| M8 | Engagement Hubs hours open to the public | 50hrs per week | >30h per wk |
| N1 | Repeat MARAC rate (case panel for highest risk cases of domestic abuse.) | 11.60% | <28% |
| N2 | Number of referrals to Reach out service | 1614 | 850 |
| N3 | Proportion feeling safer after accessing support from Reach Out | 81% | 95% |
| N4 | Number of fixed penalty notices issued for harassment of women | 1 | Data Only |

Adult Social Care & Health Cllr Mark Santos

| Ref | Indicator | Outturn 2024/25 | Target 2024/25 |
|-----|---|-----------------|----------------|
| P2 | Proportion (%) of the eligible population 40-74 who received an NHS Health Check in current year | Due Late 2025 | 15% |
| Q2 | Fit For Fun number per year going through the service | 1648 | 450 |
| Q3 | Numbers of smokers who quit at four weeks | 597 | 600 |
| Q4 | % of adults that successfully complete treatment for opiates in a year and who do not represent to treatment within 6 months | Due Late 2025 | - |
| Q5 | % of adults that successfully complete structured treatment for non-opiate dependence in a year and who do not represent to treatment within 6 months | Due Late 2025 | - |
| R1 | % of Adult Social Care clients in receipt of long-term services who are based in the community | 77.0% | 77.0% |
| R2 | % of people who use services who are in receipt of Direct Payments | 23.8% | 24.5% |
| S6 | % of Contacts resulting in a New Safeguarding Enquiry | 13.8% | - |
| U4 | Proportion Adult Social Care clients in paid employment (aged 18-64) | 3.00% | - |

Children, Young People & Education Cllr Lloyd Jacob Duddridge

| Ref | Indicator | Outturn 2024/25 | Target 2024/25 |
|-----|---|--------------------|----------------|
| P1 | Proportion (%) of eligible children who received a 12-month health visiting review | 66% | 35% |
| Q6 | Proportion of pupils in Year 6 being overweight (including obese). [Annual] | Due Nov 2025 | 38.8% |
| Q7 | Proportion of pupils in Reception being overweight (including obese). [Annual] | Due Nov 2025 | 20.5% |
| S1 | Rate of Child Protection Plans per 10,000 population under 18 | 24.9 | 39 |
| S2 | Proportion Child and Family Assessments completed within 45 days | 83.8% | 94.0% |
| S3 | Repeat referrals to Children's social care (2 or more in 12-month period) | 15.9% | 18% |
| S4 | % of Children Looked After that participated in their most recent statutory review. | 100% | 100% |
| S5 | % of Children Looked After with three or more placements in the previous 12 months | 10.7% | 5% |
| W2 | % of Children living in Relative low-income Families (under 16 Years) | 16.0% | 16.3 |
| X2 | Narrow the gap in expected standard in KS2 Reading, Writing Maths between those with SEN and their peers (ppts) | 57.1 (2024Ay) | 51.5ppts |
| X3 | Narrowing Gap between the most disadvantaged* and their peers at end of the Foundation Stage | 18.0ppts (2024 AY) | 11.5ppts |
| X4 | % of Child Missing Education cases completed with a positive education outcome within 8 weeks. | 43% | - |
| X5 | Proportion of Care Leavers (19-21years) in employment, education or training | 70.1% | 69% |

Resources & Transformation Cllr Helen Coomb

| Ref | Indicator | Outturn 2024/25 | Target 2024/25 |
|-----|--|-----------------|----------------|
| Z5 | FOI's answered in Time (20 working days) | 75% | 100% |
| Z6 | Members Enquires answered in Time (10 days) | 85% | 100% |
| Z7 | % of Contact centre calls answered | 90% | 80% |
| Z8 | % of Customer Complaints resolved Stage 1 | 81% | 90% |
| Z9 | % of Customer Complaints resolved at Stage 2 | 80% | 90% |
| Z10 | Average number of FTE Days lost per employee to Sickness Absence (Long Term & Short Term)" | 1.63 | - |
| Z11 | Amount of Social Value committed across Council contracts over £177k | £5,596,759 | - |
| Z12 | Amount of Social Value delivered across Council contracts over £177k | £587,388 | - |

Key successes

In 2024/25, Redbridge Council has made significant progress in delivering the objectives outlined in the Redbridge Plan 2022-2026. The following are the key achievements which demonstrate our pursuit of excellence and our dedication to the priorities set out in the Redbridge Plan. The Council remains committed to building on these successes and addressing any challenges to ensure the continued betterment of our community.

Housing & Homelessness:

- Delivered 533 new Council Homes with completed schemes including, Budoch Court, Little Gearies, Mossford Mews, Heathcote Court and Glade Court.
- In the last 3 months we have supported 58% of clients at risk of homelessness by keeping them where they are or offering alternative accommodation.
- The number of households living in temporary accommodation (TA) continues to decrease from 3011 at the end of March 2024 to 2830 at the end of March 2025.

Planning & Economic Growth:

- During the year 457 local residents have been supported into work and self-employment against a target of 370.
- 845 Residents have been referred in 2024/25 to work Redbridge for support into sustainable employment opportunities both in and out of borough.
- 500 businesses have been supported to grow in in 2024/25, we have supported them to learn how to maximize opportunities to access contracts and discovered ways to protect their businesses. Most importantly, gain insights into effective marketing and promotion.
- 99 new Businesses in 2024/25 received support to promote their services and were given opportunities to test their products and feel more confident.
- 1394 residents throughout the year have received information, advice and guidance from Work Redbridge, our free Work service.

Leisure Culture & Communities:

- 24 new allotment spaces and pocket parks have been established,
- 3 new community gardens have been created in 2024/25, and 31 registered community gardens continue to be supported by the Neighbourhoods Engagement service.
- Leisure attendances have increased by 7.7% exceeding the annual growth target. This increase is despite the temporary relocation of South Woodford Gym to Redbridge Drama.
- Library visits have increase 3% on last year, continuing the trajectory of increasing footfall. This increase is despite the closure of Fullwell Cross Library for refurbishment and the temporary closure of South Woodford Library / the relocated pop-up library in Redbridge Drama Centre.

Environment & Sustainability:

- 97% of Redbridge's streets are achieving a high cleanliness score, this ensures that streets are welcoming and that people want to spend their time visiting, living and working in Redbridge.
- 10,493 volunteer hours were delivered in our park and nature areas, to support activities such as planting flowers and trees, weeding and mulching, Pruning and watering, Litter picking and sweeping sports courts.
- Our fleet vehicles are more environmentally friendly and have used less fuel than last year. Fleet fuel use has decreased by 54,000 litres on last year and Telematics are now fitted to most fleet vehicles which should see fuel efficiency increase even further.
- 3027 Trees have been planted in the borough in 2024/25.

Enforcement & Community Safety

- We have seen a 22% decrease in the number of burglaries this quarter compared to Q3
- We have seen a 16% decrease in the Violence with Injury offences compared to previous 12 months.
- The last quarter has seen a lower repeat rate for Multi-Agency Risk Assessment Conference (MARAC) (case panel for highest risk cases of domestic abuse) than last month showing an effective MARAC that addresses and manages risk effectively reducing re-referrals
- 1459 referrals have been made to the Refuge service

Children, Young People & Education

- 66% of 12-month reviews were completed by 12 months, this is a significant improvement on last quarter due to improvement in staffing capacity, a review of internal systems for booking, reporting and data quality and joint collaboration Children's Centres.
- 100% of Looked after Children have participated in their most recent reviews, performance continues to be monitored monthly. This indicator reflects our commitment to maximising children and young people engagement in their care and future planning arrangements.

Adult Social Care & Health

- 519 people have been supported to quit smoking this year supporting our objective on improving healthy lives.
- 77.0% of Adult Social Care clients who are in receipt of long-term services are being supported to Live in the community. This is higher than the England average of 71.2%.

Finance

- Housing benefit claims are being processed in 3.46 days
- Council tax reduction claims are being processed in 3.19 days.

Resources & Transformation

- The social value delivered has increased to £587,388 and the team continue to work closely with contract managers to achieve this.

Overview of Financial Performance

General Fund Revenue Budget (Excludes HRA)

The General Fund revenue budget relates to the day to day running expenses of the services that the Council provides during the year. The General Fund outturn position against the net budget expenditure is shown below, the figures are consistent with service headings reported within the Expenditure and Funding Analysis Statement at Note 6 in the Statement of Accounts.

The General Fund Outturn for 2024/25 is an overspend of £15.317m. This includes overspends of £14.979m in Communities, £22.865m in the People Directorate, £1.445m in Regeneration and Culture, £2.063m in Strategy and an underspend of £0.134m in Resources. Corporate outturn is £24.856m under budget including the application of the Risk and Contingency provision of £14.400m. In addition there are abortive capital costs of £0.548m written back to revenue and the flexible use of capital receipts to fund £1.593m of eligible transformation work.

| Directorate | Revised Budget as at Outturn £m | Outturn £m | Variance £m |
|----------------------------------|------------------------------------|----------------|----------------|
| Communities | 23.827 | 38.806 | 14.979 |
| People | 143.248 | 166.113 | 22.865 |
| Regeneration & Culture | 11.674 | 13.119 | 1.445 |
| Resources | 15.223 | 15.089 | (0.134) |
| Strategy | 10.639 | 12.702 | 2.063 |
| Subtotal | 204.611 | 245.829 | 41.218 |
| Corporate | 26.451 | 1.595 | (24.856) |
| Total | 231.062 | 247.424 | 16.362 |
| Flexible Use of Capital Receipts | - | (1.593) | (1.593) |
| Abortive Capital Costs | - | 0.548 | 0.548 |
| Net Budget Requirement | 231.062 | 246.379 | 15.317 |

The most significant areas of overspend were:

The **Communities Directorate** outturn was an overspend of £14.979m which was largely due to the high cost of Temporary Accommodation placements of £14.008m where nightly lets now make up 70% of all new placements, the costs of which have gone up by 70% since 2023.

The **People Directorate** overspent by £22.865m, mainly due to rising demand for care packages in Adult Social Care, which alone accounted for £17.988m. Children & Families and Education & Inclusion had a combined overspend of £4.939m, including £5.481m on Children and Families (including Children Looked After (CLA), support costs, contract price inflation) and £0.542m underspend in Education and Inclusion, which helped offset some of the pressure.

Regeneration & Culture recorded an overspend of £1.445m. This includes a £0.689m overspend in Leisure and Culture, related to contractor claims for increased costs and lost income resulting from Reinforced Autoclaved Aerated Concrete (RAAC)-related issues at South Woodford Library and Kenneth More Theatre. Regeneration, Planning, Property and Capital Delivery overspent by £0.756m, driven by lower-than-expected rental income and higher void costs. These pressures were partially offset by underspend from the Corporate Landlord due to reduced utility costs.

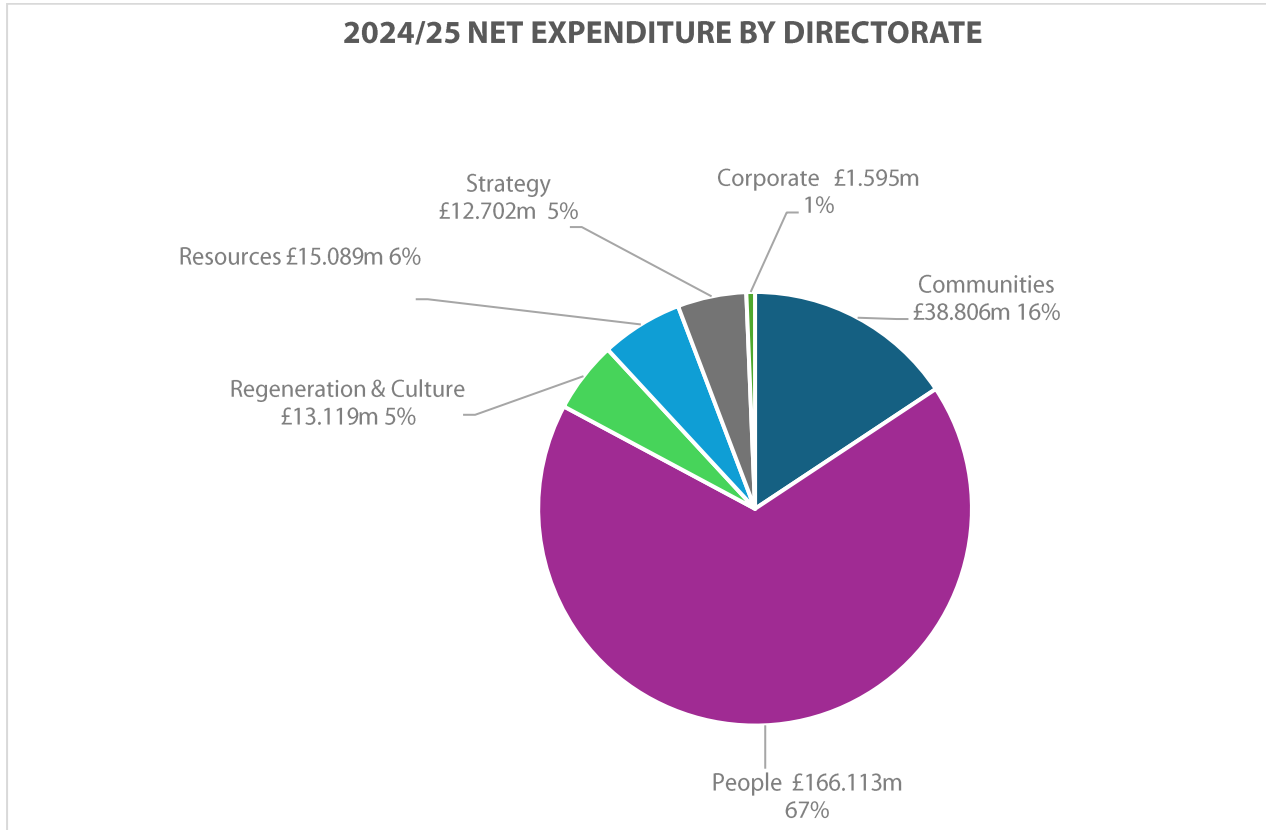
The **Resources Directorate** reported an underspend of £0.134m was largely due to staff vacancies and lower contract payments.

The **Strategy Directorate** overspent by £2.063m mainly due to savings that couldn't be achieved and higher staffing costs.

The outturn position on **corporate budgets** was a £24.856m underspend. This included £14.400m of Contingency and Risk Provisions released earlier in the year, a £6.216m underspend on Capital Financing due to Capital Programme slippage and better than expected returns on investments, and a £4.050m underspend on Corporate Items including unused budget held in relation to the Council's commitment to London Living Wage, one off receipts from the sale of the commercial waste service and unbudgeted grant income announced during the year.

The Council was able to use Capital Receipts to fund certain revenue expenditure contributing towards the delivery of savings. £1.593m eligible expenditure was identified reducing the final outturn position.

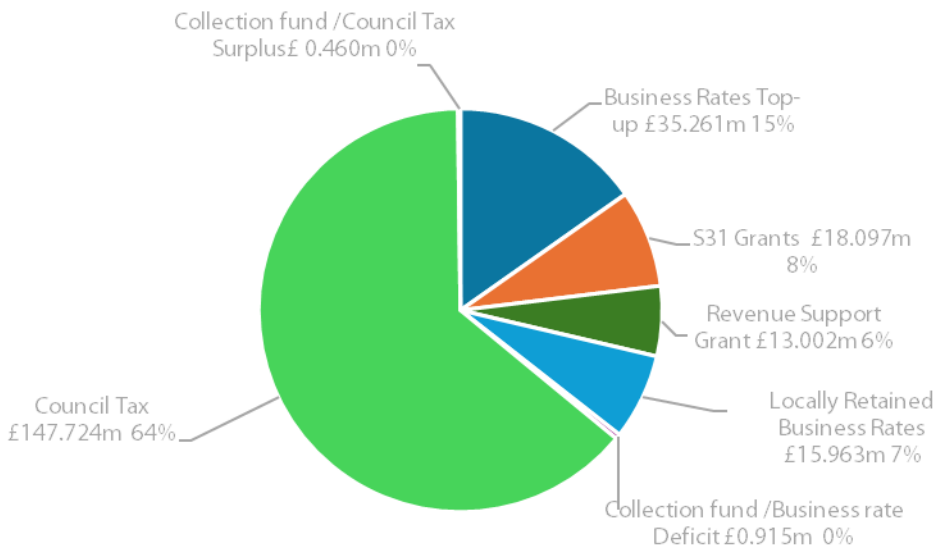
There were also abortive costs totalling £0.548m, relating to works in previous years for the Housing Development Programme and Hubs Programme, where the original expectation was the spend would be capital adding to the value of existing or new assets, however these amounts are no longer expected to contribute towards the value added to these sites.



The Council received income from a wide variety of sources, including Council Tax, Business Rates, Government grants, grants from other entities, fees, charges and rental Income. In most cases where this funding is specific to a service, the biggest of which is Dedicated Schools Grant (DSG) of £301.632m, it is accounted for within that service.

The net cost of £231.062m is funded from Business Rates (including a top-up grant), Council Tax and contributions from earmarked reserves. These amounts are represented in the chart below.

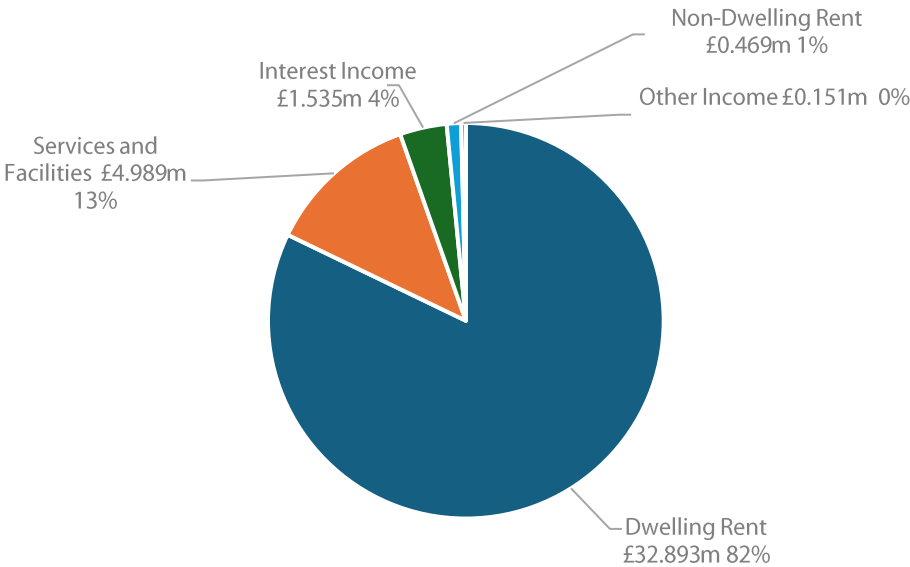
2024/25 REVENUE BUDGET FUNDING



Housing Revenue Account

The Housing Revenue Account (HRA) is a ring-fenced Income and Expenditure account within the Statement of Accounts, accounting for the provision for Council housing. The HRA had a surplus of £0.749m in 2024/25. This is a net position resulting from improved interest rates on HRA balances. The source of funding for the HRA is shown graphically below.

2024/25 HRA FUNDING £-40.037m



Capital Expenditure

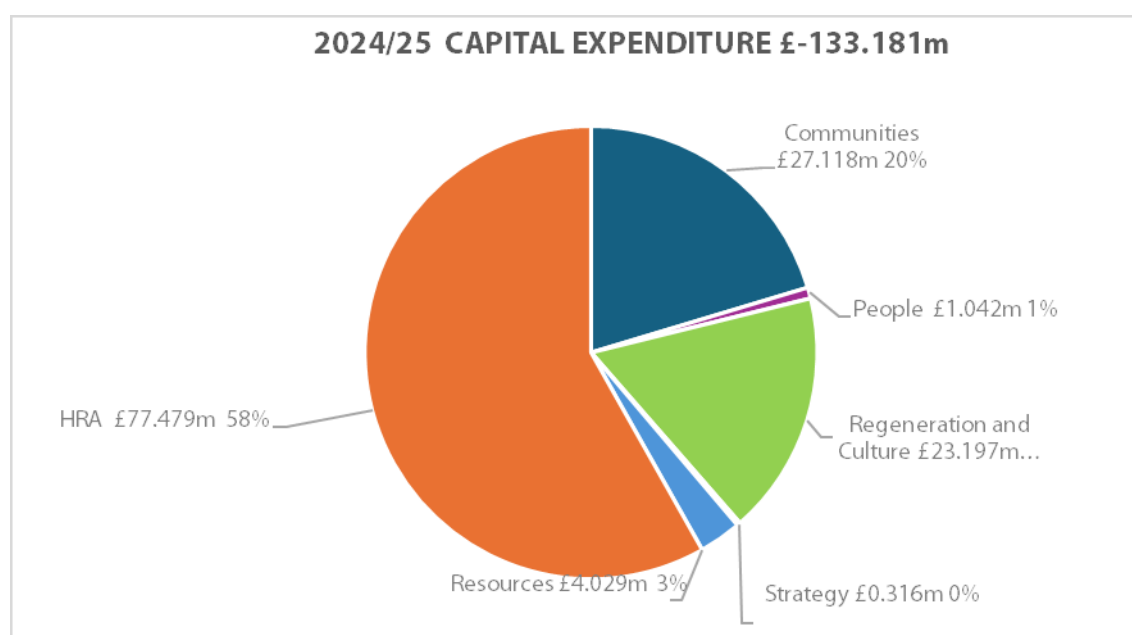
Capital expenditure refers to spending on buying, improving, or upgrading long-term assets like buildings and infrastructure. The Capital Programme for 2024/25, approved in February 2024, was £324.171m. However, due to project delays, a revised budget of £133.181m was approved in February 2025. The final spending matched this revised budget, with an outturn of £133.181m, as shown in the chart below.

A major part of capital expenditure in 2024/25 was on Communities, which accounted for £27.118m, or 20% of the capital programme. This included:

- £9.921m to improve the Council's roads
- £3.465m to help residents remain in their own homes
- £1.322m to improve the environment and tackle climate change
- £12.644m to provide temporary accommodation for homeless residents and rough sleepers

Regeneration and Culture spent £23.197m on capital projects, making up 18% of the total capital programme. £17.243m was spent in Educational Services, mainly for improving school buildings and expansion work. The rest of the spending included £2.148m on Leisure projects and £3.806m on Regeneration initiatives.

Social Housing (HRA) spent £77.479m on capital projects, making up 58% of the total capital programme, to increase and improve the Council's housing stock.



Pension Liabilities

The Council participates in the Local Government Pension Scheme (LGPS) for the majority of its staff. The net estimated pension liability for Redbridge applying "IAS19" is £17.9m as at 31st March 2025 compared with £99.5m as at 31st March 2024. Estimating net liability involves judgments about the discount rate, salary increases, retirement age changes, longevity, interest rates, inflation, and expected asset returns. It also considers the effects of the recent McCloud ruling and GMP equalisation. Further information on the basis of the IAS19 disclosure is included at Note 37.

The Fund's funding level at the triennial valuation in 2022 was 99%. The Council's contribution rate in 2024/25 was 19.1%. The deficit on the local government scheme will be made good by contributions from employees and employers plus investment returns over 17 years as set out in the 2022 Triennial Valuation.

Net Assets

The Council maintains a strong balance sheet despite the financial challenges. Redbridge's Net Worth at 31 March 2025 is £1,614m compared to £1,688m 31 March 2024. This decrease is mainly due to increase in liability following implementation of IFRS 16 offset by decrease in net Pension Fund liability, and valuation increases on non-current assets.

The Council prudently manages the level of reserves it holds, taking account of the risks it faces, including potential cuts in future government grant funding. The General Fund Balance, the Council's financial safety net has been increased by £1.2m to £24.3m as at 31 March 2025. In addition to this balance, the Council also holds Earmarked Reserves totalling to £55.3m which are set aside for specific purposes.

Net Assets at 31 March 2025:

| | | |
|---|---|--------------------------------------|
| Non-Current Assets (property and long-term Investments and debtors) | Net Current assets (debtors, inventory and cash less creditors and current liabilities) | Long term liabilities and provisions |
| £2,170m | £3m | (£559m) |
| Funded by: | | |
| Usable Reserves £206m | Unusable Reserves £1,408m | |

Net Assets at 31 March 2024:

| | | |
|---|---|--------------------------------------|
| Non-Current Assets (property and long-term investments and debtors) | Net Current assets (debtors, inventory and cash less creditors and current liabilities) | Long term liabilities and provisions |
| £2,133m | £48m | (£493m) |
| Funded by: | | |
| Usable Reserves £212m | Unusable Reserves £1,476m | |

Treasury Management Strategy

As at 31 March 2025, the Council had a borrowing portfolio of £475.6m (£391.6m as at 31 March 2024). The Authority has balanced the need to minimise costs from funding capital expenditure by using internal cash balances and defer where possible the drawdown of more expensive long-term debt against the protection it offers in reducing interest rate risk and stabilising capital financing costs in the budget strategy.

The Council's Annual Investment Strategy also incorporated within the Treasury Management Strategy, aims to achieve optimum return on its investments whilst ensuring an appropriate level of security of its assets and liquidity. The total cash, cash equivalents and investments for the Council on 31 March 2025 amounted to £143.8m (£136.5m as at 31 March 2024). The Council's cash investments increased during the year as new PWLB borrowing was taken to refinance internal borrowing. The average yield from the cash investments for 2024/25 was 4.81% (5.05% 2023/24).

Statement of Accounts Key Financial Statements

The financial statements have been prepared adhering to the CIPFA'S code of practice and the International Financial Reporting Standards. The key financial statements and disclosure notes contained in the Statement of Accounts for 2024/25 are as follow:

- **Comprehensive Income and Expenditure Statement (CIES)** show the cost of providing services in the year in accordance with International Financial Reporting Standards (IFRS) rather than just the amount to be funded from local taxes, rents and government grants. This difference is accounted for by a series of adjustments made in accordance with regulations. The cost of services within the CIES reflects the reporting structure used by the Council.
- **Movement in Reserves Statement (MiRS)** This statement provides a summary of the movement on the different reserves held by the Council over the course of the financial year. These reserves represent the Council's net worth and are divided into 'unusable', and 'usable' (i.e. those that can currently be used to fund expenditure or support local taxation).
- **Balance sheet** shows the value of the Council's assets, liabilities and reserves at a point in time.
- **Cash Flow Statement** shows the changes in the Council's cash and cash equivalents during the year and quantifies the movements in balances attributable to day to day running of the Council (operating activities), investing activities or financing activities.
- **Expenditure Funding Analysis Note (EFA)** brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund (including the HRA). The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement.
- **Notes to the Financial Statements** notes provide a better understanding of the financial statements and give further detail about the items contained in the core financial statements along with details of accounting policies used by the Council.
- **Housing Revenue Account (HRA)** records the Council's statutory obligation to separately account for the cost of the ring-fenced landlord function in respect of the provision of Council Housing.
- **Collection Fund** shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to precepting bodies.
- **The Annual Governance Statement (AGS)** sets out the governance structures of the Council and its key internal controls.
- **Pension Fund** reports the contributions received, payments to pensioners and the value of net assets invested in the Local Government Pension Scheme. The Fund is separately managed by the Council acting as a trustee and the accounts are not part of the Council's accounts. The Pension Fund Accounts are included here to follow proper accounting practices.

Council Companies

There are four Council companies with which the Council has close involvement, three of which are not trading. Group accounts have not been prepared in respect of the sole trading company on the ground of materiality. These companies are:

- Redbridge Civic Services Ltd (RCS) provides waste services for the Council and is wholly owned by the Council. Due to the turnover and net assets held by the company it is not considered necessary to consolidate as they would not materially impact on the group accounts.
- Redbridge Living Limited was set up to deliver housing on Council owned land, however it was decided that it is now more advantageous for projects originally intended to be delivered by the company to be progressed directly by the Council, therefore this company is dormant.
- Roding Homes Limited, which is intended to acquire, let and manage properties to support the Council's housing duties. This delivery model is under review and therefore this company is currently dormant.
- SixFive Education Ltd was created to provide educational support services. However, Cabinet on 11 May 2023 agreed to not pursue the use of a company for trading education services with schools. The company was dissolved 11 March 2025.

Forward Plan 2025/26 - 2029/30

Redbridge's net revenue budget for 2025/26 was approved on 27 February 2025 by Council and is £242.940m. The context in which the Council's Budget is set is influenced by:

- The Council's Corporate Strategy "The Redbridge Plan 2022 – 2026" and Strategic Priorities;
- The Council's Financial Strategy, to ensure a stable and sustainable medium-term financial position in the context of reductions in government funding and demographic pressures;
- Central Government policies, including legislative change, which may require additional expenditure or set additional responsibilities; and
- External drivers – e.g. demand for services, inflationary pressures, change in interest rates etc.

The budget process is designed to ensure that it is priority-led so that resources are aligned with the priorities of the Redbridge Plan and Shaping our Future programme.

Shaping our Future

As an organisation the Council needs to look at its pressures and opportunities to define a longer-term plan for the organisation. This means looking at the opportunities that new ways of working offers, or the way we work with partners and residents as well as consider demand pressures and demographic changes. By looking at these areas collectively we can create an overall more robust plan can be created and implemented.



The plan for the organisation is based around five core areas:

- A new operating model based on place. Focused on changing how we operate so that we can respond to local needs and where possible prevent issues before they become problems. This will also consider opportunities to consolidate and rationalise the Council's estate, freeing up resources to redirect elsewhere.
- Building a better relationship with residents. Co-design services with residents and identify where they can take responsibility for their own lives. The Council knows people want to live independent healthy lives and by working with voluntary sector, businesses, and communities it can bring our collective abilities to the way people live in Redbridge.
- Maintaining and creating vibrant sustainable places. Redbridge is fortunate to have amazing open spaces and also excellent transport connections and vibrant town centres. The Council will focus on making best use of all its assets so it can improve the economic outlook as well as improve the quality of life for residents in Redbridge.
- Developing new ways of working. The Council want to be making best use of our commercial opportunities and leverage our influence to help Redbridge. The Council can achieve best value through contract management and commission to achieve outcomes. With developments in technology, the Council can be more agile and lean with simple and effective services supported through modern approaches.

- A balanced budget. This is about planning and delivering services within available resources in a sustainable way. It's about the organisation collectively managing the budget so that as pressures arise in one area, the Council is able to mitigate them, either within that area or elsewhere. It means understanding the appropriate level of risks that the Council is able and willing to take to achieve a better, more resilient budget. This might be about targeted investment now so relieve pressures in the future or may be about investing in facilities and services that allow people to live independently, whilst disinvesting in others.

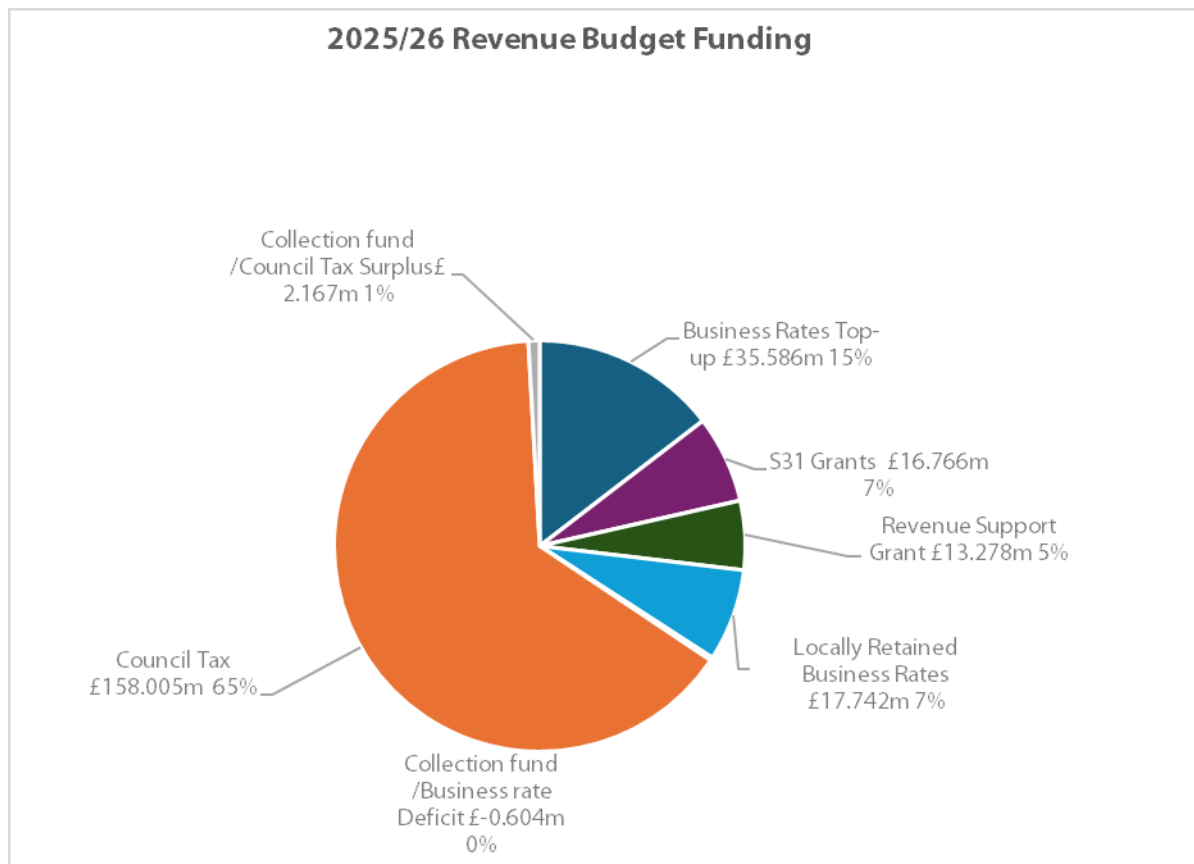
Setting the budget

For 2025/26, the Council has increased Council Tax by the maximum allowed (before requiring a referendum) to fund the delivery of essential services for the residents of the borough. Redbridge has increased the Council Tax by 4.99% including a 2% increase used exclusively to fund the growing demand for the most vulnerable requiring adult social care.

Following this increase the basic amount of Council Tax on a Band D property has increased from £1,618.47 to £1,699.29. Overall, including the GLA precept of £490.38, the total Council Tax for a Band D property will be £2,189.67.

Revenue Budget Funding 2025/26

The Net Revenue Budget for 2025/26 is £242.940m. The main source of funding for the 2025/26 financial year is Council Tax which makes up 65% of core funding. Business Rates including Locally Retained, Top Up Grant and Relief Compensation Grant makes up approximately 30%.



How we spend our budget

The budget includes Government grants and Council Tax, and this is used in the following ways:

- to help deliver frontline services within the Borough;
- to fund vital support services to assist in frontline service delivery; and
- to pay for the services Redbridge receives from a number of external bodies.

Financial Risks

Economic uncertainty continues to be a major risk. In the last few years Brexit and COVID were significant drivers of this, more recently the escalation of global tensions and the Cost of Living Crisis are more significant influences. Interest rates are still high and inflation, whilst reduced from recent levels, is volatile. Additionally, long term funding for Local Government is still not confirmed, though a multi-year settlement has been announced for 2026/27 – 2028/29. Key risks in relation to the Council's finances include:

Interest Rates and Inflation

Borrowing rates available to the Council from the Public Works Loans Board (PWLB) remain significantly higher than in previous years, albeit they still remain at a level that would not be considered particularly high compared to those seen in previous decades. High interest rates also have an impact on the wider economy, impacting on the level of investment and on individuals. For the Council, the impact this has on housing costs is probably most notable, with higher mortgage costs impacting residents both as a direct cost for owner occupiers with mortgages and by being passed on as rent increases by landlords to their tenants.

The legacy of high inflation remains a risk, leaving the costs of services to residents much higher than previous. Despite the headline rate of inflation falling, it only represents a slowing of price increases, not prices becoming cheaper. Residents therefore continue to experience increased costs of living, potentially leading to greater demands on the Council.

Funding Levels

The Final Local Government Financial Settlement published on 3 February 2025 confirmed funding for Local Government for 2025/26. Prior to this the Government announced its intention to reform Local Government funding, with a consultation on this announced alongside the Provisional Settlement in December 2024, with an intention to implement changes for the 2026/27 financial year.

The Chancellor presented the 2025 Spending Review on 11 June 2025. This sets out the medium-term path for public finances, covering departmental settlements for 2026/27, 2027/28 and 2028/29.

The results of the Spending Review set the government's departmental budget limits, but local government funding allocations will not be known until the provisional local government finance settlement is announced in November 2025.

On 20 June 2025, the Ministry of Housing, Communities and Local Government (MHCLG) announced the launch of two consultations:

- Fair Funding Review 2.0, covering funding distribution reform as well as other finance-related issues, which runs until 15 August 2025
- Modernising and improving the administration of council tax, which runs to 12 September 2025.

The Fair Funding Review 2.0 consultation is detail heavy and at the time of writing still being analysed. It does not include provisional allocations at local authority level.

In cash terms, Redbridge has suffered a loss of resources of £81.3m since 2010, which equates to a loss of £151.3m after adjusting for inflation. Alongside this, Redbridge has one of the least generous settlements in London, receiving less per head of population than most other boroughs. This is also true of Public Health Grant, where Redbridge also receives one of the lowest allocations per head in London and around a quarter of the highest.

Changes in legislation or new responsibilities imposed upon the Council without adequate 'new burdens' funding allocated to the Council also present a risk. Where new responsibilities are passed over to Local Government, there is a risk that these responsibilities will not be fully funded and calculated in a transparent manner. The biggest area of concern in this regard currently appears to be changes in the regulatory environment for waste collection and disposal sponsored by DEFRA and new announcements in relation to this will be monitored in detail.

Savings

The cumulative impact of budget savings delivered since the advent of austerity in 2010 has meant the Council has lost much of the spare capacity and it means service delivery has to be more tightly planned and controlled. In addition to this it significantly reduced the Council's ability to absorb or manage in year budget pressures or extraordinary costs that may arise as budgets have been scaled back, reduced or cut across all services.

The capacity to deliver already approved savings continues to remain a significant risk. In 2024/25, the Council delivered £22.359m (93%) of its planned £24.073m savings, with the shortfall met by a contribution from reserves. Non-delivered 2023/24 savings of £1.714m will be carried forward to 2025/26, adding more pressure to budgets. Where savings in 2025/26 are identified as non-deliverable, compensating reductions in planned spending within services will be required. Close monitoring therefore continues via the monthly savings tracker and regular reporting to Cabinet via the Budgetary Control Report to ensure delivery of all previously agreed savings. However, without increases in funding to address the significant pressures the Council faces, the delivery of savings will become increasingly difficult.

Climate Change

In the UK, the Committee on Climate Change (CCC) sets legally binding science-based carbon budgets and recommends policies and actions to drive change. The CCC estimates that UK emissions will need to be reduced by at least 3% per year from now on. The Council has also declared a Climate Change Emergency, this feeds into the Redbridge Corporate Plan and is a consideration when deciding on budget proposals and assumptions.

Demographics

Redbridge is estimated to have a population of 310,260. This is forecast to continue to increase with changing demographics and a growing population leading to increasing demand for Adults and Children's Social Care and pressures on temporary accommodation. A growing population also places significant pressures on other services across the Council including social infrastructure such as schools and roads.

Financial Resilience

For over a decade local government has had to manage with a huge reduction in the amount of funding provided by central government alongside increasing demographic pressures, initially from an aging population but more recently increasingly from housing and children's services.

30 Councils - more than in any other year – required Exceptional Financial Support (EFS) in 2025/26 at a total of £1.15bn with a total £4.9bn borrowed or resulting from asset sales to date since 2020/21. This includes multiple councils having ‘retrospective’ EFS approved. Of the 35 councils in receipt of EFS since 2020/21, 27 of them have had approvals for more than one year.

It is important the Council ensures that its finances are robust and resilient so that it can continue to respond to the needs of residents. In 2024/25 the Council balanced its financial position with the use of £15.317m of reserves. Clearly use of reserves to bridge financial gaps is not sustainable and is not part of the future budget plans in the MTFS.

Whilst the 2025/26 budget is balanced, the published MTFS forecasts budget gaps in every future year, starting with £18.994m in 2026/27. Maintaining sound financial resilience and sustainability will therefore be challenging and will require, in the absence of further funding, the Council to deliver significant further savings beyond those already assumed in the MTFS.

Achieving a balanced 2026/27 Medium Term Financial Strategy (MTFS)

The Council's latest Medium Term Financial Strategy forecasts a total shortfall in resources over the period 2026/27 to 2030/31 of £184.489m, analysed in the table below. The gap reflects the cost of the Council's Strategic Priorities and the financial pressures created by the challenging environment set out above. Forecast increases in costs are not matched by anticipated core funding increases. Therefore, additional ongoing local resources and savings will be required to address gaps.

The plan assumes the maximum Council Tax increase of 4.99% in each financial year and that all savings agreed by Council will be delivered in full and on time or substitutes will be found.

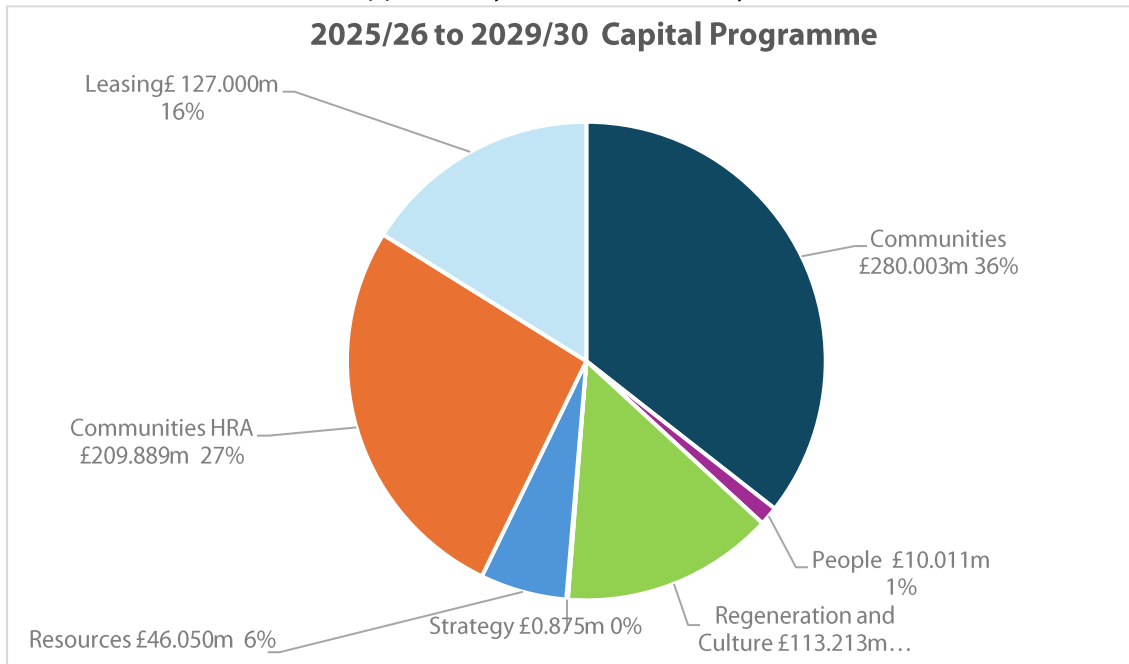
MTFS 2026/27-2030/31¹

| | 2026/27 £m | 2027/28 £m | 2028/29 £m | 2029/30 £m | 2030/31 £m |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net Budget Requirement | 301.451 | 291.974 | 304.389 | 307.136 | 310.634 |
| Total Income from Grants & Council Tax | (249.786) | (256.946) | (264.392) | (272.134) | (280.186) |
| Budget Gap – July 2025 | (51.664) | (33.358) | (38.173) | (33.012) | (28.282) |
| Budget Gap (Cumulative) | (51.664) | (85.022) | (123.195) | (156.207) | (184.489) |

¹ Reported to Cabinet Committee on 17 July 2025

Capital Programme 2025/26 to 2029/30

The Council's capital programme and financing for the next five years is summarised below, totalling £787.041m, which has been approved by Council in February 2025



Key Priorities

Safe and Healthy

We are revitalising Ilford Town Centre by addressing environmental issues and tackling persistent challenges such as rough sleeping, problematic tenants, substance abuse, and anti-social behaviour. This effort is led by the Ilford Town Centre Working Group. We are committed to implementing 48 interconnected recommendations to create safer neighbourhoods for our diverse communities. Our goals are to achieve long-term reductions in crime and enhance support for crime victims.

To improve access to leisure facilities, we are developing a new soft play centre in the south of Redbridge, a climbing centre, and re-building Wanstead swimming pool. We are also upgrading the existing school and leisure estate. Our new engagement hubs are being rolled out to offer a variety of services and early intervention support. Additionally, we are prioritising our commitment to becoming a UNICEF Child Friendly Borough by 2026, ensuring inclusivity for all young people.

Clean and Green

The Council is dedicated to the continuous development of Fairlop Waters Country Park, including a new Barkingside entrance, updated signage, and a natural play space. We are enhancing pathway connectivity and accessibility with a new foot and cycle path from Barkingside to Fairlop and the boathouse area. The park will undergo rebranding, with new signage and maps at the main entrance.

Our Climate Change Action Plan has reduced the Council's carbon footprint by 33% and we are addressing broader environmental impacts over the next decade. We will enhance flood prevention, improve air quality around schools, and invest in additional electric car charging points. The Council is committed to planting thousands of trees, developing a biodiversity plan, and implementing a sustainable transport strategy.

In response to residents' concerns about waste and litter, the Council is increasing recycling efforts and intensify the fight against fly-tipping.

Jobs & Skills

The Council has a flagship Work Redbridge programme, partnering with the Redbridge Institute to help adults find employment pathways. Collaborations with New City College and the commitment to a university campus will make Redbridge a premier place for learning. We support local businesses' growth and sustainability by refurbishing Queen Victoria House to house a new Business & Enterprise Hub, aiding both new and existing businesses.

The Council will also develop a long-term Voluntary and Community Sector strategy to enhance collaboration and achieve more for Redbridge.

Homes & Neighbourhoods

By 2026, we aim to deliver 500 new council homes and 1,000 affordable homes, providing modern, high-quality, affordable housing for local residents. Our landlord licensing scheme ensures fair treatment for tenants and improves housing quality across all tenures. New community hubs will be established throughout the borough, offering excellent facilities, support, and services. These hubs will be developed in partnership with local residents, tailored to address the issues that matter most in each community.

Key Risks and Controls

The London Borough of Redbridge has a structured Framework for Risk Management that has been designed to align to the size, scale and complexity of the borough. The Risk Management Framework is embedded within the organisation to ensure risks are identified, analysed and responded to in accordance with their perceived gravity.

The Risk Management Strategy defines risks as "an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives". The Risk Management Strategy and Policy is reviewed annually, and the revised 2025/26 Strategy and Policy was approved by the Governance and Assurance Committee on 28 January 2025.

The Strategic Risk Register (SRR) is a live register which identifies the strategic risks the organisation is facing. The risk owners are Corporate Directors and the Chief Executive to ensure that there is responsibility and ownership for the risks. They are reviewed quarterly by the Council, Management Team and also presented for review to the Governance and Assurance Committee. The SRR has been used to inform the Corporate Director of Resources statement on the robustness of the budget and reserves. The SRR sets out the key financial risks to the Council and can be found using the committee link below.

Operational risk registers are maintained at Directorate level and Service level. Risks are escalated and de-escalated between risk registers in accordance with their severity.

The latest reported risk register is available on the Council's website: [Q4 Risk Update](#). The top 10 strategic risks as published for Quarter 4 2024/25 are summarised below.

- Reduction of available suitable and affordable housing provision for temporary and permanent housing.

- Failure to maintain a sustainable Medium Term Financial Strategy (MTFS) in an increasingly uncertain economic outlook.
- Failure of emergency planning & business continuity resilience.
- Failure to safeguard vulnerable children.
- Failure to safeguard vulnerable adults.
- Emerging or existing infectious diseases including measles and respiratory illnesses that become endemic or pandemic nationally and in the borough.
- Non-Compliance with relevant Health and Safety legislation.
- Failure to mitigate extremism through LBR prevent programmes.
- Alternative delivery models and commercialisation of Council activity.
- Inadequate security over information, data or misuse of information including potential Cyber Attack(s).
- Governance arrangements within the Council have been covered by the Annual Governance Statement that accompanies the financial statements.

What's next?

The Redbridge Corporate Plan 2022-26 agreed by Council sets out the Council's ambitions for the Borough and the priority programmes to make Redbridge a great place for everybody. The Plan has a set of objectives, activities, and measures against them. This means there is a clear visible link between the Council's work and the impacts they have on Redbridge.

The Council produces an annual state of the borough report on the progress and detailed quarterly performance updates to track changes.

The Council recognises that being able to make real change it also needs to make more noise about Redbridge. This means the Council needs to be lobbying for more resources, encouraging new businesses to move here and make Redbridge a centre of education excellence including a new university campus.

The Corporate Plan provides a guide to what the Council is committed to doing and is confident that its efforts will make a real difference to the lives of people who live here and provide a positive future for our borough.

Conclusion

The Statement of Accounts provides a very detailed and comprehensive picture of the Council's performance for 2024/25 as required by statute and the CIPFA Code of Practice.

A widespread understanding of the Council's financial position will become even more important in the light of the financial challenges that Redbridge faces. I hope the Members of the Council, residents of the Borough and other readers find this document useful.

I would like to thank all those in the Finance Department and throughout the Council who have helped to prepare this document.

Duncan Whitfield
Interim Corporate Director of Resources

Statement of Responsibilities

The Council's responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Section 151 Officer) has responsibility for the administration of those affairs;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Corporate Director of Resources (Section 151 Officer) responsibilities

The Corporate Director of Resources is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ('the Code').

In preparing this Statement of Accounts, the Corporate Director of Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council as at 31 March 2025 and of its income and expenditure for the year then ended.

Duncan Whitfield
Interim Corporate Director of Resources

Approval of Accounts

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by the Governance and Assurance Committee.

Chair of the Governance and Assurance Committee

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

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) records all the Council's revenue income and expenditure for the year. Expenditure represents a combination of statutory duties and discretionary spend focused on local priorities and needs. 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 and rents. The statutory General Fund position is shown in both the Expenditure and Funding Analysis and in the Movement in Reserves Statement.

| 2023/24 | | | | 2024/25 | | | |
|----------------------------|-----------------------|--------------------------|--|---------|----------------------------|-----------------------|--------------------------|
| Gross Expenditure £'000 | Gross Income £'000 | Net Expenditure £'000 | | Note | Gross Expenditure £'000 | Gross Income £'000 | Net Expenditure £'000 |
| 141,947 | (76,105) | 65,842 | Communities | | 152,323 | (93,810) | 58,513 |
| 577,531 | (447,117) | 130,414 | People | | 651,423 | (496,223) | 155,200 |
| 31,829 | (11,648) | 20,181 | Regeneration & Culture | | 35,179 | (8,705) | 26,474 |
| 128,825 | (113,812) | 15,013 | Resources | | 108,523 | (89,237) | 19,286 |
| 22,579 | (11,259) | 11,320 | Strategy | | 16,521 | (3,435) | 13,086 |
| 8,813 | (887) | 7,926 | Corporate | | 11,016 | (2,669) | 8,347 |
| 56,444 | (34,919) | 21,525 | Local Authority Housing (HRA) | | 105,317 | (38,499) | 66,818 |
| 967,968 | (695,747) | 272,221 | Cost of Services | | 1,080,302 | (732,578) | 347,724 |
| 19,641 | (29) | 19,612 | Other Operating Expenditure | 9 | 31,271 | (12,570) | 18,701 |
| 30,169 | (16,492) | 13,677 | Financing and Investment Income and Expenditure | 10 | 32,243 | (32,005) | 238 |
| - | (265,387) | (265,387) | Taxation and Non-Specific Grant Income | 11 | - | (278,936) | (278,936) |
| 1,017,778 | (977,655) | 40,123 | (Surplus) or Deficit on Provision of Services | | 1,143,816 | (1,056,089) | 87,727 |
| | | 4,110 | (Surplus) or Deficit on Revaluation of Non-Current Assets | 25 | | | 70,980 |
| | | (65,461) | Remeasurement of the defined benefit liability / (asset) net of asset ceiling adjustment | 37 | | | (84,769) |
| | | (61,351) | Other Comprehensive Income and Expenditure | | | | (13,789) |
| | | (21,228) | Total Comprehensive Income and Expenditure | | | | 73,938 |

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce taxation) and other unusable reserves. The statement shows how the movement in year of the Council's reserves is broken down between gains and losses incurred in accordance with generally accepted accounting practices and statutory adjustments required to return to the amounts chargeable to Council Tax or rents for the year. The net increase/decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

| Note | General Fund Balance | Earmarked General Fund Reserves | Schools Reserves | General Fund Total | Housing Revenue Account | Earmarked Reserves | HRA Total | Capital Receipts Reserve | Capital Grants Unapplied Account | Total Usable Reserves | Unusable Reserves | Total Reserves |
|---|----------------------|---------------------------------|------------------|--------------------|-------------------------|--------------------|-----------------|--------------------------|----------------------------------|-----------------------|--------------------|--------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at April 2024 | (23,141) | (68,478) | (27,020) | (118,639) | (7,463) | (10,754) | (18,217) | (17,685) | (57,062) | (211,603) | (1,476,319) | (1,687,922) |
| Movement in reserves during 2024/25 | | | | | | | | | | | | |
| (Surplus) or deficit on the Provision of Services | 20,043 | | | 20,043 | 67,684 | | 67,684 | - | - | 87,727 | - | 87,727 |
| Other Comprehensive Income and Expenditure | | | | - | - | | - | | - | - | (13,789) | (13,789) |
| Total Comprehensive Income and Expenditure | 20,043 | - | - | 20,043 | 67,684 | - | 67,684 | - | - | 87,727 | (13,789) | 73,938 |
| Adjustments between accounting basis & funding basis under regulations | 7 | (1,914) | | (1,914) | (65,907) | | (65,907) | (8,998) | (5,772) | (82,591) | 82,591 | - |
| Net (Increase) / Decrease before Transfers to Earmarked Reserves | 18,129 | - | - | 18,129 | 1,777 | - | 1,777 | (8,998) | (5,772) | 5,136 | 68,802 | 73,938 |
| Transfers to/(from) Earmarked Reserves | (19,282) | 13,214 | 6,068 | - | (2,526) | 2,526 | - | | - | - | - | - |
| (Increase) / Decrease in 2024/25 | 8 | (1,153) | 13,214 | 18,129 | (749) | 2,526 | 1,777 | (8,998) | (5,772) | 5,136 | 68,802 | 73,938 |
| Balance at 31 March 2025 | (24,294) | (55,264) | (20,952) | (100,510) | (8,212) | (8,228) | (16,440) | (26,683) | (62,834) | (206,467) | (1,407,517) | (1,613,984) |

London Borough of Redbridge Statement of Accounts 2024/25

| Note | General Fund Balance £'000 | Earmarked General Fund Reserves £'000 | Schools Reserves £'000 | General Fund Total £'000 | Housing Revenue Account £'000 | Earmarked Reserves £'000 | HRA Total £'000 | Capital Receipts Reserve £'000 | Capital Grants Unapplied Account £'000 | Total Usable Reserves £'000 | Unusable Reserves £'000 | Total Reserves £'000 |
|---|----------------------------------|---|---------------------------|-----------------------------|-------------------------------------|-----------------------------|--------------------|--------------------------------------|--|-----------------------------------|----------------------------|-------------------------|
| Balance at April 2023 | (21,408) | (89,898) | (25,943) | (137,249) | (7,030) | (10,754) | (17,784) | (19,255) | (66,662) | (240,950) | (1,425,744) | (1,666,694) |
| Movement in reserves during 2023/24 | | | | | | | | | | | | |
| Deficit on the Provision of Services (accounting basis) | 36,762 | | - | 36,762 | 3,361 | | 3,361 | - | - | 40,123 | - | 40,123 |
| Other Comprehensive Income and Expenditure | - | | | - | - | | - | - | - | - | (61,351) | (61,351) |
| Total Comprehensive Income and Expenditure | 36,762 | - | - | 36,762 | 3,361 | - | - | - | - | 40,123 | (61,351) | (21,228) |
| Adjustments between accounting basis & funding basis under regulations | 7 (18,152) | | | (18,152) | (3,794) | | (3,794) | 1,570 | 9,600 | (10,776) | 10,776 | - |
| Net (Increase) / Decrease before Transfers to Earmarked Reserves | 18,610 | | | 18,610 | (433) | - | (433) | 1,570 | 9,600 | 29,347 | (50,575) | (21,228) |
| Transfers to/(from) Earmarked Reserves | 0 (20,343) | 21,420 | (1,077) | - | | | - | - | - | - | - | - |
| (Increase) / Decrease in 2023/24 | (1,733) | 21,420 | (1,077) | 18,610 | (433) | - | (433) | 1,570 | 9,600 | 29,347 | (50,575) | (21,228) |
| Balance at 31 March 2024 | (23,141) | (68,478) | (27,020) | (118,639) | (7,463) | (10,754) | (18,217) | (17,685) | (57,062) | (211,603) | (1,476,319) | (1,687,922) |

Balance Sheet

The Balance Sheet shows the values of assets and liabilities held by the Council. The net assets of the Council are matched by the reserves held by the Council. The reserves are presented within two categories, usable reserves and unusable reserves. Usable reserves may be used to provide services, subject to statutory limitations on their use and the need to maintain a prudent level of reserves for financial stability. Unusable reserves cannot be used to fund Council services.

| 2023/24 £'000 | | Note | 2024/25 £'000 |
|--------------------|--------------------------------------|------|--------------------|
| 1,907,626 | Property, plant and equipment | 12 | 1,932,466 |
| 89,260 | Infrastructure Assets | 12 | 88,094 |
| 104,360 | Investment property | 13 | 114,823 |
| 13,022 | Intangible assets | 14 | 15,057 |
| 17,032 | Long-term investments | 22 | 17,360 |
| 1,626 | Long-term debtors | 22 | 1,940 |
| 2,132,926 | Long-term assets | | 2,169,740 |
| 8,933 | Assets held for sale | 17 | 310 |
| 97,133 | Short-term investments | 22 | 107,283 |
| 362 | Inventories | | 244 |
| 70,212 | Short-term debtors | 18 | 72,788 |
| 53,956 | Cash and cash equivalents | 19 | 46,694 |
| 230,596 | Current assets | | 227,319 |
| (13,029) | Short-term borrowing | 22 | (30,315) |
| (30,246) | Cash and Bank Overdrawn | 19 | (22,977) |
| (122,928) | Short-term creditors | 20 | (150,833) |
| (2,003) | Current Provisions | 21 | (3,876) |
| (11,748) | Grants receipts in advance - Capital | 26 | (1,335) |
| (3,020) | Grants receipts in advance - Revenue | 26 | (14,700) |
| (182,974) | Current liabilities | | (224,036) |
| (106,939) | Other Long-term Liabilities | 24 | (108,605) |
| (378,572) | Long-term borrowing | 22 | (445,277) |
| (7,115) | Provisions | 21 | (5,157) |
| (492,626) | Long-term liabilities | | (559,039) |
| 1,687,922 | Net assets | | 1,613,984 |
| (211,603) | Usable Reserves | MIRS | (206,467) |
| (1,476,319) | Unusable Reserves | 25 | (1,407,517) |
| (1,687,922) | Total Reserves | | (1,613,984) |

Duncan Whitfield
Interim Corporate Director of Resources

Cash Flow Statement

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

| 2023/24 £'000 | | Note | 2024/25 £'000 |
|------------------|---|-----------|------------------|
| 40,123 | Net (surplus) or deficit on the provision of services | | 87,727 |
| (89,545) | Adjustments to net surplus or deficit on the provision of services for non-cash movements | | (167,862) |
| 50,407 | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | | 59,301 |
| 985 | Net cash flows from operating activities | 38 | (20,834) |
| 23,243 | Net cash flows from investing activities | 38 | 76,301 |
| (26,253) | Net cash flows from financing activities | 38 | (55,474) |
| (2,025) | Net (increase) or decrease in cash and cash equivalents | | (7) |
| 21,685 | Cash and cash equivalents at the beginning of the reporting period | | 23,710 |
| 23,710 | Cash and cash equivalents at the end of the reporting period | | 23,717 |

Notes to the Accounts

1. Statement of Material Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

Going Concern

These accounts have been prepared on a going concern basis, in accordance with the requirements of the Code.

In making its assessment that this basis is appropriate, the Council has carried out forecasting of income and expenditure, the impact on reserve balances, and cash flows.

The Council's assessment of going concern can be found at note 39.

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

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

iii. 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 investments that having originally been invested for no longer than three months are repayable on demand or readily convertible to known amounts of cash with insignificant risk of change in value. Fixed term deposits, excluding overnight deposits, are not considered to be readily convertible since they only become repayable at the point of maturity and cannot be traded or redeemed without penalty. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management strategy.

iv. Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement that is equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This contribution is known as the Minimum Revenue Provision (MRP). Depreciation, revaluation, impairment losses and amortisations are therefore replaced by the MRP in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

v. Council Tax and Non- Domestic Rates

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

- **Council Tax** - Council Tax income included in the Comprehensive Income and Expenditure Statement for the year will be the Council's share of accrued income for the year.
- **Non- Domestic Rates (NDR)** - Retained Business Rate income and top up income included in the Comprehensive Income and Expenditure Statement for the year will be the Council's share of accrued income for the year.

All of the above income will be recognised in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund. As a billing council the difference between the Council Tax and NDR included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement of Reserves Statement. Each major preceptor's share of the accrued Council Tax and NDR income will be available from the information contained in the Collection Fund Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of Council tax and NDR relating to arrears, impairment allowances for expected credit losses, overpayments and prepayments and appeals.

vi. Employee Benefits

- **Benefits Payable during Employment**

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as salaries, paid annual leave, paid sick leave, and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

- **Termination Benefits**

Termination benefits are amounts payable because of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. The benefits are charged on an accrual's basis to directorates within the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructure.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

- **Post-Employment Benefits**

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

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

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as if they are defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The People Directorate line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pensions Scheme and the NHS Pension Scheme in the year.

- **The Local Government Pension Scheme**

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

The liabilities of the London Borough of Redbridge Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate determined by the actuary. The discount rate is based on the indicative rate of return on high quality bonds (iBoxx Sterling Corporates AA index).

The assets of the London Borough of Redbridge Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price;
- Unquoted securities – professional estimate;
- Unitised securities – current bid price;
- Property – fair value.

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

Services Cost comprising:

- **Current service cost** - the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- **Past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment

whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;

- **Net Interest** - The change during the period in the net defined benefit liability (asset), that arises from the passage of time charged to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, to the net defined benefit liability (asset) at the beginning of the period considering any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Re-measurements comprising:

- The **return** on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), charged to the Pensions Reserve as Other Comprehensive Income and Expenditure Statement;
- **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 London Borough of Redbridge Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

- **Discretionary Benefits**

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

vii. Events after the Reporting Period

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

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

viii. Financial Instruments

- **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is

the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

- **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are two main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL)

The business model of the council is to hold investments to collect contractual cash flows. Financial assets are therefore classified at amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

- **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

- **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The Code requires that all local authorities shall not recognise a loss allowance for expected credit losses on a financial asset where the other party is central government or a local authority for which relevant statutory provisions prevent default.

The expected credit loss model also applies to lease receivables and contract assets and trade receivables (debtors) held by the Council. The Council adopts the simplified approach to impairment, in accordance with the Code, and measures the loss allowance at an amount equal to lifetime expected credit losses.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased substantially since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased substantially or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets are amalgamated into the following groups to assess risk and associated loss allowances:

Group 1 – Investments at amortised cost have, in line with treasury management policy, a credit rating of A- or better. Loss allowances are assessed based on default risk.

Group 2 – Investments at Fair Value Through Profit and Loss are assessed based on market value.

Group 3 – Other assets including lease receivables, short- and long-term debtors are based on default risk using the simplified approach.

- **Financial Assets Measured at Fair Value through Profit or Loss**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains or losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

ix. 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 the 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 conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using 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 (non-ring-fenced revenue grants and all capital grants and contributions) in the Comprehensive Income and Expenditure Statement.

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

x. Business Improvement Districts

A Business Improvement District (BID) scheme is funded by a BID levy payment made by non-domestic ratepayers. The Council acts as agent under the scheme and collects money on behalf of Ilford BID and Hainault BID. This is then paid over in monthly instalments to the BID companies.

Amounts due to and from the Bid are reported as either Debtors or Creditors in the Council's balance sheet. The only transactions recorded in the Council's Comprehensive Income and expenditure statement in relation to the BID's, reflects the income for administering the BID levy.

xi. Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Council) with appropriate planning consent. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area.

CIL is received without outstanding conditions. It is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance

with the accounting policy for government grants and contributions. CIL charges will be largely used to fund capital expenditure; however, a proportion of the charges for may be used to fund revenue expenditure if it meets the conditions set out in the CIL regulations.

xii. Section 106 Agreements

The Council has entered into a number of Section 106 agreements with developers. Payments due to the Council under these agreements are recognised when received, not when they become due.

xiii. Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at historic cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset 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 the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation and impairment losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment.

xiv. Interests in Companies and Other Entities

Interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

The Council has set up several wholly owned companies of which Redbridge Civic Services Ltd is active and the other companies are dormant. Group accounts have not been prepared on the grounds of materiality.

xv. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Cost of inventories is determined using either the first in first out (FIFO) costing formula or weighted average price depending on the nature of the inventory. Work in progress is recorded in the Balance Sheet at cost.

xvi. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually, and subject to market conditions at year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Account. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xvii. Leases

The Council as Lessee

From 1 April 2024, the Council has applied IFRS 16 Leases as adopted by the Code of Practice on Local Authority Accounting. The new accounting standard requires that the rights to use items acquired under all leases are recognised as assets on the Balance Sheet, together with a liability for the payments to be made for the acquisition. Previously this was only done for leases where the Council acquired substantially all the risks and rewards of ownership of the leased item (finance leases). IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/2025 and not by adjusting prior year figures.

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, 1st April 2024, if later). The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

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

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

The right-of-use asset is subsequently measured using the fair value model. The Council considers the cost model to be a reasonable proxy for fair value.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption. The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement

As permitted by the Code, leases are excluded:

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

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straightline depreciation, and any asset impairments. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

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

The Council as Lessor

- **Finance Leases**

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

Lease rentals receivable are apportioned between:

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

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

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

- **Operating Leases**

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

xviii. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

Assets are then carried in the Balance Sheet using the following measurement bases:

- Community assets, Infrastructure assets, vehicles, plant & equipment - depreciated historical cost.
- Assets under construction – historical cost;
- Dwellings - current value, determined using the basis of existing use value for social housing (EUV-SH);
- Surplus assets – depreciated replacement cost, since these assets are of a specialist nature;
- School buildings – because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value;
- All other assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Impairment

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

Where decreases in value or impairments 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

Depreciation

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

Depreciation is calculated on straight line allocation over the useful life of the Asset.

Revaluation gains are also depreciated, with an amount equal to the difference between current depreciation charged and the depreciation that would have been chargeable based on the historical cost of the assets. The difference is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Component Accounting

The Code requires that each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total asset cost is depreciated separately. A significant part of an item of Property, Plant and Equipment may have a useful life and a depreciation method that are the same as the useful life and the depreciation method of another significant part of that same item. Such parts may be grouped in determining the depreciation charge.

The following asset classes will not be considered for componentisation:

- Equipment – as considered immaterial;
- Asset classes that are not depreciated – such as land, investment property, surplus assets, community assets and assets held for sale.

Componentisation of the remaining assets within in the Council's operational portfolio is considered as follows;

- **General Fund** - The Council will only consider assets with cost or fair value above £8m for component depreciation and then will only separate components with a cost or fair value of more than 20% of the individual asset for component depreciation.
- **HRA** - The Council will only consider HRA assets with cost or fair value above £450,000 for component depreciation and then will only separate components with a cost of or fair value of more than 20% of the individual asset for component depreciation.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals are payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement. In the HRA, a charge equal to depreciation is then made to the Major repairs Account (MRA) which can only be used to fund HRA capital expenditure.

xix. Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as property fund holdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- **Level 1** – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- **Level 2** – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3** – unobservable inputs for the asset or liability.

xx. Highways infrastructure assets

Highways infrastructure assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably.

Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year.

| Part of the highways network | Useful life |
|---|--------------------|
| Carriageways | 20 years |
| Footways and cycle tracks | 20 years |
| Structures (bridges, tunnels, underpasses and drainage) | 100 years |
| Street lighting | 25 years |
| Street furniture | 15 years |
| Traffic management systems | 10 years |

In accordance with the temporary relief offered by the Code on infrastructure assets, gross cost and accumulated depreciation for infrastructure assets are not disclosed. This is because historical reporting practices and resultant information deficits mean that the asset position would not be faithfully represented to the users of the financial statements.

Disposals and derecognition

Where capital expenditure is incurred to replace parts of the highways network, it is assumed (as allowed by Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (Regulation 30M)) that the assets replaced will be fully depreciated and their derecognition requires no adjustment to the carrying (or net) balance of infrastructure assets. This is because, to a material extent, infrastructure assets are replaced only when they have been fully consumed.

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

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

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

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

xxii. Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, 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 Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

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

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

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement,
- Finance cost – an interest charge of 8.16% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement,
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a lease).

From 1 April 2024, the Council has applied IFRS 16 Leases as adopted by the Code of Practice on Local Authority Accounting. Previously, increases in the amount payable for the property during the contract were classified as contingent rent and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. From 1 April 2024, the PFI liability is remeasured for increases in the amount to be paid for the property arising during the contract. The remeasured liability is written down over the remaining length of the contract.

xxiii. Provisions, Contingent Liabilities and Contingent Assets

• Provisions

Provisions are made 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. For example, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

• Contingent Liabilities

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

• Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xxiv. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance. 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 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 local taxation and retirement and employee benefits and do not represent usable resources for the Council – the reasons for these reserves are explained in the relevant policies.

xxv. Revenue Expenditure Funded from Capital under Statute

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

xxvi. Schools

All maintained schools in the borough are considered to be entities controlled by the Council. The Council's single entity financial statements include the income, expenditure, assets, liabilities, reserves and cashflows of maintained schools. Recognition of non-current assets used by maintained schools are determined in accordance with the relevant standards adopted in the Code. The Council has the following types of maintained schools under its control:

- Community Schools;
- Voluntary Aided Schools;
- Foundation Schools.

School's non-current assets are recognised on the Balance Sheet where the Council directly owns the assets, where the Council owns the balance of control of the assets, or where the school or the school governing body own the assets or have had rights to use the assets transferred to them.

Community Schools are owned by the Council and are therefore recognised on the Balance Sheet.

The Council's Voluntary Aided Schools are mainly owned by the respective Diocese / religious bodies, with the school or governing body having no formal right to the assets as use is through licence arrangements. These schools are therefore not recognised on the Balance Sheet.

Where the ownership of a Foundation School lies with the school or school governing body the school is recognised on the Balance Sheet.

The PFI School is recognised on the Balance Sheet as it is considered that the Council controls the asset through the PFI arrangement.

xxvii. Value Added Tax (VAT)

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

2. Accounting Standards issued but not yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted in the relevant year (2024/25 Code).

Accounting changes introduced by the 2025/26 code will include:

- From 1 April 2025, the Accounting Code will change the arrangements for the valuation of Property, Plant and Equipment. For 2024/25, there has been a general requirement that assets are revalued sufficiently regularly so that their carrying amount at 31 March does not differ materially from their current value at that date. This will be replaced by an option to revalue assets every five years, subject to annual reviews for impairment and the updating of carrying amounts by the application of relevant indices. No adjustments to carrying amounts will be required at 1 April 2025. The Council currently values the assets every 5 years, therefore the Council does not expect a material impact on the value of its non-current assets in 2025/26.
- The 2025/26 Code of Practice will also include a new interpretation of IAS 38 Intangible Assets. Intangible assets previously needed to be measured using fair value where an active market exists but, under the 2025/26 Code of Practice, they can only be valued at historic cost. The Council currently values all of its intangible assets at historic cost so this change in the Code will not change asset values in the Council's accounts in 2025/26.

3. Critical Judgements in applying Accounting Policies

In applying material accounting policies laid out in Note 1, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events. The following management judgements have the most significant effect on the financial statements. Critical estimation uncertainties are described in note 4.

Accounting for Schools – Balance Sheet Recognition

The Council recognises school assets for Community schools and Foundation schools on its Balance Sheet. The Council has not recognised non-current assets relating to Voluntary Aided schools or Academies as it is of the opinion that these assets are not controlled by the Council.

Accounting for Schools - Academies

When a school that is held on the Council's Balance Sheet transfers to Academy status, the Council accounts for this as a disposal for nil consideration on the date the school converts to Academy status, rather than as an impairment on the date approval to transfer to Academy status is announced.

PFI Contract - Oak Park High School

The Council is deemed to control the services provided under the PFI contract with NU Schools to provide a secondary school, Oaks Park High School, and also to control the residual value of the school at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the school is recognised within Property, Plant and Equipment on the Council's Balance Sheet.

Funding

The Council anticipates that the pressures on public expenditure will continue to be severe. These pressures will be mitigated by further service area and corporate savings and a limited use of reserves. Consequently, the Council is of the view that the level of 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.

Group Boundaries

The Council's interests in subsidiaries, associates and joint ventures that are within the group boundary were identified. The Council has made the judgement that the impact of the operations of the entities that fall within the group boundary are not material. The preparation of group accounts is not therefore required.

4. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience,

current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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

Arrears – At 31 March 2025, the Council had a balance of short-term debtors of £122.030m. A review of significant balances, which in general are based on policies adapted to historic experience and success rates of collection, suggested that an impairment allowance for doubtful debts of £49.242m is appropriate. However, it is not certain that such an allowance would be sufficient, especially in the current economic climate. If collection rates were to deteriorate, the Council would need to review its policies on the calculation of its impairment allowance for doubtful debts. Each additional 1% deterioration in collection rates would increase the impairment allowance and deficit on the provision of services by £1.2m.

Calculation of the Amortised Cost of RPI-Linked Bond - The Council accounts for its RPI-linked bond financial liability as a floating rate instrument at amortised cost. In estimating future RPI for the calculation of amortised cost, the Council uses current market projections for 5 years published by the Office for Budget Responsibility (subject to a 5% cap) and an RPI of 2.5% thereafter. The impact on the bond of a 1% increase in RPI over Office of Budget Responsibility projections is disclosed in note 22.

Insurance Provision - The Council engages experts to assess appropriate provisions for self-insured liability motor and property losses based on the Council's risk profile and historical claims experience. Though infrequent, certain claims such as severe weather or environmental issues cannot be predicted far in advance and can have a significant impact. In addition to the insurance provision that is held to meet existing claims, the Council holds an Insurance Reserve, disclosed in note 8, which is deemed adequate to meet future potential claims.

Pensions Liability - Estimates of the net liability to pay pensions depends on a number of complex judgements including those relating to the discount rate used, the rate at which salaries are projected to increase, the rate at which pensions are projected to increase, longevity rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The effects on the net pension's liability of changes in individual assumptions can be measured e.g. a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £14m, a 0.1% increase in assumed earnings would increase the value of liabilities by £1m and a 0.1% increase in the pension increase rate would add £14m to the net liability. However, the assumptions interact in complex ways. Additional sensitivity analysis is shown at note 37.

Property, Plant and Equipment and Investment Property – The requirements of the Code specify that the carrying amount of non-current assets should not differ materially from those that would be determined using the fair value at year end. To meet this requirement, asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's valuers provide valuations annually as at 31 March for the Council's investment portfolio, and other operational portfolios on a five-year rolling programme. Valuations are provided more frequently where there is an indication of a material change in fair value.

Of the £1,932m net book value property, plant and equipment subject to valuation, the main elements are:

- £377m of council dwellings - these are valued as existing use value for social housing and are deemed to be less impacted by any material uncertainty.
- £1,262m of specialist assets valued at depreciated replacement cost. We expect these assets to have a lower risk of material misstatement, as valuations are not based on movements in the market but on the cost to the Council of replacing the service potential of the assets.
- £44m of asset valued at existing use value and fair value basis. These assets have a higher risk of valuation uncertainty as a result of market movements. A 5% reduction in the valuation of these assets would result in a £2.2m reduction in value.

The Council also holds Investment Properties valued at £115m at 31 March 2025, which are subject to an annual fair value revaluation adjustment. A change in value of +/- 5% would result in a valuation change of +/- £5.8m.

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing

into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that a one-year reduction in the useful life of buildings would increase the annual depreciation charge by 2%. If funding streams were reduced, in so far that it results in the reduction of service delivery or closure of facilities, this could result in the impairment of assets due to obsolescence. However, the Council has determined that the level of uncertainty at this time is not sufficient to indicate this course of action.

Business Rates

In 2024/25, under the Business Rate Retention Scheme, the Council retains 30%, £15.963m (£16.224m 2023/24), of the business rates income it collects. Redbridge also receives a top-up of £35.927m (£33.583m 2023/24) from the business rates retention scheme because its business rates income is not sufficient to meet the cost of services, as assessed by the Government.

The Council has calculated that a total appeals provision of £7.929m (£5.110m 2023/24) calculated using Valuation Office data and estimates of the likely success of remaining appeals based on reductions made to the 2017 and 2023 List valuations in Redbridge. This should be adequate to meet the losses of the remaining appeal claims. The Council's 30% share of the provision is £2.379m (comparable to £1.533m in 2023/24). Each additional £1m increase in the total appeals provision would impact future Council resources by £0.3m.

5. Events after the Reporting Period

The draft Statement of Accounts was authorised for issue by the Executive Director of Resources on the 21 August 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (Government grants, rents, Council Tax and Business Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Reconciliation of outturn to statutory requirements

| 2024/25 | Net expenditure per outturn | Other Adjustments | Transfers (to) / from earmarked General Fund reserves | Net expenditure chargeable to General Fund & HRA | Adjustment for capital purposes | Pension adjustments | Other Statutory adjustments | Net Expenditure in the CIES |
|---|-----------------------------|-------------------|---|--|---------------------------------|---------------------|-----------------------------|-----------------------------|
| Directorate | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Communities | 38,806 | 517 | (5,336) | 33,987 | 24,087 | 455 | (16) | 58,513 |
| People | 166,113 | (40,035) | 8,457 | 134,535 | 24,008 | (2,863) | (480) | 155,200 |
| Regeneration & Culture | 13,119 | 3,888 | 810 | 17,817 | 8,515 | 150 | (8) | 26,474 |
| Resources | 15,089 | (25) | 581 | 15,645 | 3,186 | 468 | (13) | 19,286 |
| Strategy | 12,702 | 133 | 232 | 13,067 | 32 | 2 | (15) | 13,086 |
| Corporate | 1,595 | 8,185 | (1,670) | 8,110 | 0 | 237 | 0 | 8,347 |
| HRA | 1,778 | (7,587) | | (5,809) | 72,610 | 20 | (3) | 66,818 |
| Cost of Services | 249,202 | (34,924) | 3,074 | 217,352 | 132,438 | (1,531) | (535) | 347,724 |
| Other Income and Expenditure | (232,107) | 34,660 | | (197,447) | (67,511) | 4,735 | 226 | (259,997) |
| Deficit | 17,095 | (264) | 3,074 | 19,905 | 64,927 | 3,204 | (309) | 87,727 |
| - | | | | | | | | |
| General Fund and HRA Balances as at 1 April | | | | (136,855) | | | | |
| General Fund and HRA Balances as at 31 March | | | | (116,951) | | | | |

| 2023/24 | Net expenditure per outturn | Other Adjustments | Transfer to/(from) Reserve and other adjustments | Net expenditure chargeable to General Fund | Adjustment for capital purposes | Pension adjustments | Other adjustments | Net Expenditure in the CIES |
|---|--------------------------------|-------------------|--|--|------------------------------------|---------------------|-------------------|--------------------------------|
| Directorate | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Communities | 39,080 | | 629 | 39,709 | 28,422 | 69 | (2,358) | 65,842 |
| People | 152,324 | (31,077) | (31,232) | 90,015 | 9,724 | 692 | (1,094) | 99,337 |
| Regeneration & Culture | 11,681 | | (361) | 11,320 | 8,858 | 41 | (38) | 20,181 |
| Resources | 14,073 | | (1,143) | 12,930 | 2,023 | 122 | (62) | 15,013 |
| Strategy | 12,742 | | (1,466) | 11,276 | 107 | 20 | (83) | 11,320 |
| Corporate | (15,804) | 3,129 | 24,247 | 11,572 | 268 | (536) | (249) | 11,055 |
| HRA | (432) | 18,164 | 18,164 | 35,896 | 3,637 | 211 | (55) | 39,689 |
| Cost of Services | 213,664 | (9,784) | 8,838 | 212,718 | 53,039 | 619 | (3,939) | 262,437 |
| Other Income and Expenditure | (214,096) | 9,784 | 9,771 | (194,541) | (34,316) | 7,448 | (905) | (222,314) |
| (Surplus)/Deficit | (432) | 0 | 18,609 | 18,177 | 18,723 | 8,067 | (4,844) | 40,123 |
| - | | | | | | | | |
| General Fund and HRA Balances as at 1 April | | | | (155,032) | | | | |
| General Fund and HRA Balances as at 31 March | | | | (136,855) | | | | |

Adjustments for Capital Purposes

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

- Other Operating Expenditure – adjusts for capital disposals with a transfer for income on disposal of assets and the amounts written off for those assets.
- Financing and Investment Income and Expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other Revenue Contributions are deducted from other Income and Expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and Non-Specific Grant Income and Expenditure – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. and credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pension Adjustments

Net Change for the removals of pension contributions and the addition of IAS 19 Employee Benefits Pension related Income and Expenditure:

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

Other Statutory Adjustments

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

- For Financing and Investment Income and Expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and Non-Specific Grant Income and Expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Other Non-Statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- For Financing and investment income and expenditure the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and for rental and expenses incurred on investment properties.

Expenditure and Income Analysed by Category

| 2024/24 £'000 | | 2024/25 £'000 |
|------------------|--|--------------------|
| (173,522) | Fees, charges & other service income | (155,463) |
| (16,492) | Interest and investment income | (9,297) |
| (188,981) | Income from Council Tax, NDR | (164,508) |
| (598,602) | Government Grants and contributions | (724,831) |
| (29) | Gain & loss on disposal of non-current assets | (1,990) |
| (977,626) | Total Income | (1,056,089) |
| 363,568 | Employee expenses | 387,664 |
| 543,226 | Other Service Expenses | 553,123 |
| 20,292 | Interest and financing payment | 24,735 |
| 71,022 | Depreciation, amortisation and impairment | 157,603 |
| 19,641 | Precepts & Levies | 20,691 |
| 1,017,749 | Total Expenditure | 1,143,816 |
| 40,123 | Surplus or Deficit on Provision of Services | 87,727 |

7. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total CIES recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance – The General Fund is a statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (excluding HRA services).

Housing Revenue Account (HRA) Balance –The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for Local Authority Council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function.

Major Repairs Reserve – The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at year end.

Capital Receipts Reserve – The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets which are restricted by statute from being used other than to fund new capital expenditure or to repay debt. The balance on the reserve shows the resources that have yet to be applied for these purposes at year end.

Capital Grants Unapplied – The 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.

Unusable Reserves – Non-cash backed reserves that are used to record unrealised gains and losses, and other adjustment to absorb the difference between the outcome of applying proper accounting practices and the requirements of statutory arrangements for funding expenditure.

| | 2024/25 £'000 | | | | | |
|--|-------------------------|-----------------|-----------------------------|--------------------------|--|-------------------------------------|
| | General Fund Balance | HRA | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied Reserve | Movement in Unusable Reserves |
| Adjustments to Revenue Resources | | | | | | |
| Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements: | | | | | | |
| Pension Costs (Pension Reserve) | (3,067) | (137) | | | | 3,204 |
| Premium from refinancing of debt (Financial Instrument Adjustment Account) | 33 | | | | | (33) |
| Council Tax and NDR (Collection Fund Adjustment Account) | (554) | | | | | 554 |
| Holiday Pay (Accumulated Absence Account) | 532 | 3 | | | | (535) |
| Pooled Investment funds (Pooled Investment Revaluation Reserve) | 328 | | | | | (328) |
| Capital Expenditure (Capital Adjustment Account) | - | | | | | |
| - Depreciation & Amortisation | (58,517) | (5,675) | - | | - | 64,192 |
| - Revaluation losses on Property, Plant & Equipment | (30,817) | (72,568) | - | | - | 103,385 |
| - Fair Value gains / losses on Investment Properties | 9,974 | | | | | (9,974) |
| - Revenue Expenditure Funded from Capital Under Statute | (6,839) | | - | | - | 6,839 |
| Total adjustments to revenue resources | (88,927) | (78,377) | - | - | - | 167,304 |
| Adjustments between revenue and capital resources | | | | | | |
| Amounts of non-current assets written off on disposal & derecognition to CIES | (7,617) | (2,963) | - | | - | 10,580 |
| Non-current asset sale proceeds from revenue to capital receipts | 8,331 | 4,327 | (12,658) | | - | - |
| Administrative costs of non-current asset disposals | - | (88) | 88 | | | - |
| Capital grants and contributions to capital grants unapplied | 43,695 | 3,036 | - | | (46,731) | - |
| Posting of HRA resources from revenue to the major repairs reserve | - | 5,632 | | (5,632) | | - |
| Statutory provision for the repayment of debt (MRP) | 39,891 | | - | | - | (39,891) |
| Capital expenditure financed from the General Fund and HRA | 4,306 | 2,526 | - | | - | (6,832) |
| Total adjustments between revenue and capital resources | 88,606 | 12,470 | (12,570) | (5,632) | (46,731) | (36,143) |
| Adjustments to capital resources | | | | | | |
| Use of Capital Receipts to finance capital expenditure | - | | 1,993 | | - | (1,993) |
| Use of Major Repairs Reserve to finance capital expenditure | | | | 5,632 | | (5,632) |
| Application of grants and contribution to finance capital expenditure | - | | | | 40,959 | (40,959) |
| Flexible use capital receipt | (1,593) | | 1,593 | | | - |
| Cash payments in relation to deferred capital receipts | - | | (14) | | - | 14 |
| Total adjustments to capital resources | (1,593) | - | 3,572 | 5,632 | 40,959 | (48,570) |
| Total Adjustments | (1,914) | (65,907) | (8,998) | - | (5,772) | 82,591 |

| | 2023/24 £'000 | | | | | |
|--|-------------------------|-----------------|--------------------------------|-----------------------------|---|-------------------------------------|
| | General Fund Balance | HRA | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied Reserve | Movement in Unusable Reserves |
| Adjustments to Revenue Resources | | | | | | |
| Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements: | | | | | | |
| Pension Costs (Pension Reserve) | (7,670) | (211) | | | | 7,881 |
| Premium from refinancing of debt (Financial Instrument Adjustment Account) | 220 | | | | | (220) |
| Council Tax and NDR (Collection Fund Adjustment Account) | 3,537 | | | | | (3,537) |
| Holiday Pay (Accumulated Absence Account) | 1,254 | 54 | | | | (1,308) |
| Pooled Investment funds (Pooled Investment Revaluation Reserve) | (691) | | | | | 691 |
| Capital Expenditure (Capital Adjustment Account) | | | | | | |
| - Depreciation & Amortisation | (29,312) | (5,843) | - | | - | 35,155 |
| - Revaluation losses on Property, Plant & Equipment | (11,030) | (24,840) | - | | - | 35,870 |
| - Fair Value gains / losses on Investment Properties | (8,816) | | | | | 8,816 |
| - Revenue Expenditure Funded from Capital Under Statute | (7,831) | | - | | - | 7,831 |
| Total adjustments to revenue resources | (60,339) | (30,840) | - | - | - | 91,179 |
| Adjustments between revenue and capital resources | | | | | | |
| Amounts of non-current assets written off on disposal & derecognition to CIES | (502) | (3,117) | - | | - | 3,619 |
| Non-current asset sale proceeds from revenue to capital receipts | 268 | 3,380 | (3,648) | | - | - |
| Administrative costs of non-current asset disposals | | (54) | 54 | | | - |
| Capital grants and contributions to capital grants unapplied | 26,359 | 20,400 | | | (46,759) | - |
| Posting of HRA resources from revenue to the major repairs reserve | | 5,843 | | (5,843) | | - |
| Statutory provision for the repayment of debt (MRP) | 12,143 | | - | | - | (12,143) |
| Capital expenditure financed from the General Fund and HRA | 3,919 | 594 | - | | - | (4,513) |
| Total adjustments between revenue and capital resources | 42,187 | 27,046 | (3,594) | (5,843) | (46,759) | (13,037) |
| Adjustments to capital resources | | | | | | |
| Use of Capital Receipts to finance capital expenditure | - | | 5,164 | | - | (5,164) |
| Use of Major Repairs Reserve to finance capital expenditure | | | | 5,843 | | (5,843) |
| Application of grants and contribution to finance capital expenditure | - | | - | | 56,359 | (56,359) |
| Flexible use capital receipt | | | | | | - |
| Cash payments in relation to deferred capital receipts | - | | - | | - | - |
| Total adjustments to capital resources | - | - | 5,164 | 5,843 | 56,359 | (67,366) |
| Total Adjustments | (18,152) | (3,794) | 1,570 | - | 9,600 | 10,776 |

8. Transfers to/from Reserves and Balances

| | 31st March 2023 £'000 | Transfers Out £'000 | Transfers In £'000 | 31st March 2024 £'000 | Transfers Out £'000 | Transfers In £'000 | 31st March 2025 £'000 |
|--|-----------------------------|------------------------|-----------------------|-----------------------------|------------------------|-----------------------|-----------------------------|
| General Fund Balance | 21,408 | - | 1,733 | 23,141 | - | 1,153 | 24,294 |
| Earmarked Reserves | | | | | | | |
| Business Risk Reserve | 21,410 | (7,939) | - | 13,471 | (13,471) | - | - |
| Insurance Fund Reserve | 10,720 | (538) | 292 | 10,474 | (699) | 371 | 10,146 |
| Business Rates Smoothing Reserve | 5,172 | (1,254) | - | 3,918 | (3,310) | 665 | 1,273 |
| Pension Fund Reserve | 6,000 | - | - | 6,000 | - | - | 6,000 |
| Treasury Smoothing Reserve | 3,500 | (750) | 750 | 3,500 | - | - | 3,500 |
| Commercial Income Smoothing Reserve | 2,601 | (2,601) | - | - | - | - | - |
| Operational Risk Reserve | 5,974 | (5,974) | - | - | - | 217 | 217 |
| Governance Reserve | 2,000 | - | - | 2,000 | (628) | - | 1,372 |
| Capital Reserve | 1,073 | - | - | 1,073 | - | - | 1,073 |
| Corporate Reserves | 9,791 | (5,154) | - | 4,637 | (562) | 736 | 4,811 |
| Service Directorate Reserves | 3,793 | (924) | 4,679 | 7,548 | (512) | 6,958 | 13,994 |
| Schools Balances | 25,943 | (4,902) | 5,979 | 27,020 | (7,956) | 1,888 | 20,952 |
| Dedicated Schools Grant | 7,923 | (651) | - | 7,272 | (1,782) | - | 5,490 |
| Total | 105,900 | (30,687) | 11,700 | 86,913 | (28,920) | 10,835 | 68,828 |
| Revenue Grants & Contributions Unapplied | 9,939 | (1,355) | | 8,584 | (11,318) | 10,122 | 7,388 |
| Total | 137,247 | (32,042) | 13,433 | 118,638 | (40,238) | 22,110 | 100,510 |
| Housing Revenue Account | | | | | | | |
| HRA Balance | 7,030 | - | 433 | 7,463 | | 749 | 8,212 |
| HRA Earmarked Reserve | 10,755 | - | - | 10,755 | (2,527) | - | 8,228 |
| Subtotal - HRA | 17,785 | - | 433 | 18,218 | (2,527) | 749 | 16,440 |
| Total | 155,032 | (32,042) | 13,866 | 136,856 | (42,765) | 22,859 | 116,950 |

Purpose of Earmarked Reserves and Balances

- The **Insurance Fund Reserve** is resources set aside to provide for unquantified insurance claims that may be settled in the future.
- The **Business Rates Smoothing Reserve** has been set up to meet reductions in income and funding shortfalls resulting from the increasing demand for local services.
- The **Pension Fund Reserve** has been established to meet future employer contributions.
- The **Treasury Smoothing Reserve** has been established to allow for the fluctuation of returns on treasury investments between years.
- The **Governance Reserve** has been established to fund projects around governance.
- The **Capital Reserve** has been established to fund spend relating to capital projects.
- **Corporate Reserves** comprise a number of smaller reserves to finance corporate initiatives.
- **Service Directorate Reserves** comprise a number of reserves to finance service area projects.
- **School Balances** are resources delegated to schools that will be used to fund future expenditure.
- The **Dedicated Schools Grant Reserve** is a ring-fenced reserve that can only be applied to meet expenditure as defined in the School Finance and Early Years (England) Regulations 2018.

9. Other Operating Expenditure

| 2023/24 £'000 | 2024/25 £'000 |
|--|------------------|
| (29) (Gain)/losses on the disposal of non-current assets | (1,990) |
| 19,641 Levies | 20,691 |
| 19,612 Total | 18,701 |

10. Financing and Investment Income and Expenditure

| 2023/24 £'000 | 2024/25 £'000 |
|---|------------------|
| 10,030 Interest payable and similar charges | 26,408 |
| 7,448 Net interest on the defined pension liability (asset) | 4,735 |
| (9,735) Interest receivable and similar income | (15,377) |
| 691 (Gains)/Losses on pooled investments | (328) |
| 2,428 Income and expenditure in relation to investment properties and changes in their fair value | (15,707) |
| 2,815 Impairment Allowances | 507 |
| 13,677 Total | 238 |

11. Taxation and Non-Specific Grant Income

| 2023/24 £'000 | 2024/25 £'000 |
|---|------------------|
| (140,230) Council tax income | (149,412) |
| (48,751) Non-domestic rates income | (15,096) |
| (29,647) Non-ringfenced government grants | (74,936) |
| (46,759) Capital grants and contributions | (46,730) |
| (265,387) Total | (286,174) |

12. Property, Plant and Equipment

| | Council Dwellings £'000 | Other Land and Buildings £'000 | Vehicles, Plant, Furniture and £'000 | Community Assets £'000 | Surplus Assets £'000 | Assets under Constructio n £'000 | Total Property, Plant and Equipment £'000 | PFI Assets included in property, Plant and Equipment £'000 |
|--|-------------------------------|---|--|------------------------------|----------------------------|--|---|---|
| Cost or Valuation | | | | | | | | |
| At 1 April 2024 | 344,804 | 1,369,933 | 38,594 | 16,111 | 37,296 | 130,543 | 1,937,281 | 41,031 |
| Adjustments | 0 | 794 | (79) | | (7) | (1) | 707 | |
| Recognition of Right of Use Assets on Transition | | 133,206 | | | | | 133,206 | |
| Additions | 17,445 | 46,801 | 1,021 | 944 | | 66,982 | 133,193 | 5,003 |
| Revaluation increases recognised in the Revaluation Reserve | 20,522 | 77,526 | 0 | | 6,098 | | 104,146 | |
| Revaluation (decreases) recognised in the Revaluation Reserve | - | (172,972) | - | - | (2,154) | | (175,126) | (12,071) |
| Revaluation increases/(decreases) recognised in the Surplus/(Deficit) on the Provision of Services | (72,568) | (26,927) | 0 | 0 | (803) | | (100,298) | (4,138) |
| Derecognition GBV | (1,711) | (18,576) | (9,469) | (802) | - | | (30,558) | |
| Reclassified Assets | 74,607 | (295) | 207 | 1,039 | 4,086 | (79,849) | (205) | |
| Depreciation written out to the Revaluation Reserve | (5,687) | (8,996) | | | (98) | | (14,781) | |
| Restatement of Depreciation upon transfer | | | | | | | - | |
| At 31 March 2025 | 377,412 | 1,400,494 | 30,274 | 17,292 | 44,418 | 117,675 | 1,987,565 | 29,825 |
| Accumulated Depreciation and Impairment | | | | | | | | |
| At 1 April 2024 | (202) | (1,780) | (20,104) | (7,550) | (19) | 0 | (29,655) | 0 |
| Prior period error | | | | | | | - | |
| Adjustments | | 11 | | | 1 | | 12 | |
| Depreciation charge | (5,510) | (40,921) | (3,480) | (343) | (65) | | (50,319) | (695) |
| Depreciation written out to the Revaluation Reserve | 5,687 | 8,996 | 0 | 0 | 98 | | 14,781 | |
| Depreciation written out to the Surplus / (Deficit) on the provision of services | | | - | | - | | - | |
| Depreciation upon disposal & derecognition | 25 | 39 | 9,313 | 715 | | | 10,092 | |
| Other movements | | 110 | (15) | (20) | (45) | | 30 | |
| At 31 March 2025 | - | (33,545) | (14,286) | (7,198) | (30) | - | (55,059) | (695) |
| Net Book Value | | | | | | | 0 | |
| as at 31 March 2025 | 377,412 | 1,366,949 | 15,988 | 10,094 | 44,388 | 117,675 | 1,932,466 | 29,130 |
| as at 1 April 2024 | 344,602 | 1,368,153 | 18,490 | 8,561 | 37,277 | 130,543 | 1,907,626 | 41,031 |

| | Council Dwellings £'000 | Other Land and Buildings £'000 | Vehicles, Plant, Furniture and Equipment £'000 | Community Assets £'000 | Surplus Assets £'000 | Assets under Construction £'000 | Total Property, Plant and Equipment £'000 | PFI Assets included in property, Plant and Equipment £'000 |
|--|----------------------------|--------------------------------------|---|---------------------------|-------------------------|---------------------------------------|--|---|
| Cost or Valuation | | | | | | | | |
| At 1 April 2023 | 339,012 | 1,396,073 | 38,769 | 11,857 | 15,997 | 65,642 | 1,867,350 | 48,185 |
| Adjustments | | 15 | | | | | 15 | |
| Additions | 22,533 | 24,598 | 1,416 | 0 | 1,015 | 65,410 | 114,972 | 52 |
| Revaluation increases/(decrease) recognised in the Revaluation Reserve | 2,842 | (28,779) | - | 0 | 4,195 | | (21,742) | (7,206) |
| Revaluation (decreases) recognised in the Revaluation Reserve | - | - | - | - | | | 0 | - |
| Revaluation increases/(decreases) recognised in the Surplus/(Deficit) on the Provision of Services | (26,014) | (8,247) | - | (451) | (4,332) | | (39,044) | |
| Derecognitions - Disposals | - | - | (1,591) | - | | (11) | (1,602) | |
| Reclassified Assets | 6,431 | (13,727) | - | 4,705 | 20,421 | (498) | 17,332 | |
| At 31 March 2024 | 344,804 | 1,369,933 | 38,594 | 16,111 | 37,296 | 130,543 | 1,937,281 | 41,031 |
| Accumulated Depreciation and Impairment | | | | | | | | |
| At 1 April 2023 | 0 | (2,450) | (17,578) | (7,234) | - | - | (27,262) | - |
| Prior period error | | | | | | | | - |
| Depreciation charge | (5,744) | (14,562) | (3,615) | (325) | (42) | | (24,288) | 964 |
| Depreciation written out to the Revaluation Reserve | 4,372 | 13,179 | - | 55 | 26 | | 17,632 | (964) |
| Depreciation written out to the Surplus / (Deficit) on the provision of services | 1,174 | 2,000 | - | - | | | 3,174 | |
| Depreciation upon disposal & derecognition | | | 1,089 | | | | 1,089 | |
| Other movements | (4) | 53 | - | (46) | (3) | | - | |
| At 31 March 2024 | (202) | (1,780) | (20,104) | (7,550) | (19) | - | (29,655) | - |
| Net Book Value | | | | | | | | |
| as at 31 March 2024 | 344,602 | 1,368,153 | 18,490 | 8,561 | 37,277 | 130,543 | 1,907,626 | 41,031 |
| as at 1 April 2023 | 339,012 | 1,393,623 | 21,191 | 4,623 | 15,997 | 65,642 | 1,840,088 | 48,185 |

Right-of-use assets

The Council's lease contracts comprise properties, properties leased from the private sector (PSLs) and block-booked hotel rooms for use as temporary accommodation for homeless households, as well as leases entered into by schools for vehicles and equipment. The change in the value of right-of-use assets held under leases by the Council is as follows and are included under Other Land and Building:

| | Total £'000 |
|---------------------------------|------------------------|
| Balance at 1 April 2024 | 133,206 |
| Additions | 18,216 |
| Amortisation | (29,393) |
| Disposals | (17,552) |
| Balance at 31 March 2025 | 104,477 |

Fair Value Measurement of Surplus Assets

Details of surplus assets and information about the fair value hierarchy as at 31 March 2025, are as follows:

| 2023/24 Quoted price for similar assets in active market Level 2 £'000 | | 2024/25 Quoted price for similar assets in active market Level 2 £'000 |
|---|-------------------|---|
| 2,155 | Surplus Buildings | 3,170 |
| 35,122 | Surplus Land | 41,218 |
| 37,277 | Total | 44,388 |

Highways Network Infrastructure Assets

Movements on balances

The Council has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

| 2023/24 £'000 | | 2024/25 £'000 |
|--------------------------|---------------------------------|--------------------------|
| 89,257 | NBV at 1 April | 89,260 |
| 8,679 | Additions and Enhancement | 9,922 |
| | Transfer | (89) |
| (8,676) | Depreciation | (10,999) |
| 89,260 | Balance at 31 March 2025 | 88,094 |

Depreciation

Depreciation is provided for on all PPE 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 and assets that are not yet available for use (i.e., assets under construction). No depreciation is charged in the year of acquisition however a full year's charge is made in the year of disposal.

Depreciation is calculated using the straight-line method over the useful lives as follows:

- Buildings (excluding Council dwellings) – maximum 70 years
- Council dwellings - 52 years.
- Community assets: maximum period of 35 years
- Vehicles, plant, furniture and equipment: - between 5 and 16 years.
- Infrastructure assets: - maximum period of 100 years

Revaluations

The Council maintains a significant portfolio of freehold and leasehold properties, which are required to be reported at fair value in accordance with the CIPFA Code of Practice, applying the principles of IFRS. To meet this requirement, the Council operates a five-year rolling programme of revaluations, supplemented by an annual review to assess whether property values remain materially correct at the reporting date. Sanderson Weatherall, external RICS-registered valuers, undertook valuations on behalf of the Council in 2024/25. Valuations were completed in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards (the “Red Book”), unless considered unnecessary for the specific valuation purpose.

The significant assumptions applied in estimating the fair values are:

- operational assets – valued on a Fair Value Existing Use Value (EUV) basis;
- specialised assets – where no market-based evidence exists to arrive at fair value, the depreciated replacement cost (DRC) approach has been used;
- land assets – these have been assessed to fair value having regard to the cost of purchasing notional replacement sites in the same locality;
- assets held for sale – these have been assessed to fair value on the basis of market value.

Plant and machinery normally associated with a building, such as lifts and integrated heating systems, are included within the building valuation.

In line with IFRS 13, surplus assets and investment properties were valued at Fair Value, categorised into Level 1, 2 or 3 inputs based on the observability of market data. This classification ensures consistency and transparency in the measurement hierarchy used for financial reporting purposes.

| | Council Dwellings £'000 | Other Land and Buildings £'000 | Vehicles, Plant and Equipment £'000 | Community Assets £'000 | Surplus Assets £'000 | AUC £'000 | Total £'000 |
|-----------------------------------|--|---|--|---------------------------------------|-------------------------------------|----------------------|------------------------|
| Carried at historical cost | 3 | 105,860 | 15,988 | 10,094 | - | 117,675 | 249,620 |
| Valued at current value as at: | | | | | | | - |
| 31 March 2025 | 377,379 | 997,803 | | | 16,525 | - | 1,391,707 |
| 31 March 2024 | | 216,297 | | - | 27,326 | - | 243,623 |
| 31 March 2023 | | 46,979 | - | - | 537 | - | 47,516 |
| 31 March 2022 | | | - | - | - | - | - |
| 31 March 2021 | | | | - | - | - | - |
| Net Book Value | 377,382 | 1,366,939 | 15,988 | 10,094 | 44,388 | 117,675 | 1,932,466 |

Capital Commitments

As at 31 March 2025, the Council was committed to a number of capital projects amounting to £22.598m. Similar commitments at 31 March 2024 were £85.443m.

| | 2024/25 £'000 | Year of completion |
|------------------------------|--------------------------|---------------------------|
| Regeneration | | |
| Wanstead High School | 4,815 | 2025/26 |
| Swimming Pool at Wanstead | 3,939 | 2025/26 |
| Hainault Forest Country Park | 119 | 2025/26 |
| Suffolk Court | 4,298 | 2025/26 |
| Loxford Lane | 9,427 | 2025/26 |
| | 22,598 | |

13. Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

| 2023/24 £'000 | Income & Expenditure | 2024/25 £'000 |
|------------------|--|------------------|
| (6,757) | Rental income from investment property | (6,326) |
| 369 | Direct operating expenses arising from investment property | 593 |
| 8,816 | Revaluation (gains) and losses | (9,974) |
| 2,428 | Charge for the year | (15,707) |

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

| 2023/24 £'000 | Movement in fair value | 2024/25 £'000 |
|------------------|--|------------------|
| 360,221 | Balance at start of the year | |
| (9,196) | Reclass on opening balance | |
| 139,875 | Balance at start of the year | 104,360 |
| 2,029 | Additions / Enhancement | 489 |
| (8,816) | Net gains/(losses) from fair value adjustments | 9,974 |
| (28,728) | Transfers to PPE | |
| 104,360 | Balance at end of the year | 114,823 |

Fair Value Measurement of Investment Properties

Details of the investment properties and information on the fair value hierarchy as at 31 March 2025 are as follows:

| Fair Value at 31 March 2024 £'000 | Fair value measurement - Level 2 | Fair Value at 31 March 2025 £'000 |
|---|----------------------------------|---|
| 9,110 | Land & Farm | 29,510 |
| 10,941 | Office Units | 14,920 |
| 84,309 | Commercial Units | 70,393 |
| 104,360 | Total | 114,823 |

14. Intangible Assets

The useful life assigned to intangible assets used by the Council is between five and ten years. The carrying amount of intangible assets is amortised on a straight-line basis.

| 2023/24 £'000 | | 2024/25 £'000 |
|-------------------------------|---|------------------|
| Balance at start year: | | |
| 16,091 | Gross carrying amounts | 20,796 |
| (5,582) | Accumulated amortisation | (7,774) |
| 10,509 | Net carrying amount at start of year | 13,022 |
| 4,705 | Additions: | 4,897 |
| - | Derecognition of Cost | (785) |
| (2,192) | Amortisation for the period | (2,862) |
| | Derecognition of Amortisation | 785 |
| 13,022 | Net carrying amount at end of year | 15,057 |
| Comprising: | | |
| 20,796 | Gross carrying amounts | 24,908 |
| (7,774) | Accumulated amortisation | (9,851) |
| 13,022 | | 15,057 |

15. Impairment Losses

During 2024/25 the Council has had an impairment loss of £3.3m (£0 in 2023/24).

16. Private Finance Initiative

Oaks Park High School – Scheme Details

2024/25 was the 23rd year of a 30 year-year PFI contract for the construction, maintenance and operation of Oaks Park Secondary School.

On 4 July 2001, the Council contracted with NU Schools for Redbridge Limited to provide a secondary school, Oaks Park High School, under a Private Finance Initiative. Under the terms of the PFI, the Council has leased a vacant site at Barley Mow to the PFI contractor for the period of the contract - 30 years. The school reverts to the Council at the end of the period.

Under the PFI contract, the Council pays an agreed charge, which has been accounted for as outlined in the Council's Accounting Policies. At the time the contract was signed the total estimated contract payments were £65.9m to the end of the contract in January 2032. Actual payments will depend on the service provided.

The Government provides a grant of approximately £52.028m over the life of the contract. The key financial details of the scheme are detailed below:-

| | £000 |
|---|---------------|
| Total Scheme Capital Expenditure | 15,999 |

PFI Assets

The Council implemented IFRS16 from 1st April 2024. The PFI liability is now remeasured each year for increases to contract payments made. This also increases the value of the PFI asset. This increase is immediately impaired to the Capital Adjustment Account. This is because the PFI assets are revalued in accordance with the Council's revaluation policy. The value of PFI assets, which forms part of the balance of PPE in note 12, is as follows: Estimated asset life 35 years

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|---|------------------|
| 48,185 | Balance outstanding at the start of the year | 41,031 |
| - | Additions from remeasurement of the PFI liability | 4,138 |
| 52 | Additions from capital expenditure | 865 |
| (8,170) | Revaluations | (12,071) |
| - | Impairment | (4,138) |
| 964 | Depreciation | (695) |
| 41,031 | | 29,130 |

PFI Liability

The liability outstanding to the contractor for capital expenditure incurred is as follows:

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|--|------------------|
| (8,998) | Balance outstanding at the start of the year | (8,263) |
| - | Remeasurement of liability due to increase in unitary charge during the year * | (4,138) |
| 735 | Payments during the year | 1,183 |
| (8,263) | Balance outstanding at year-end | (11,218) |

From 2024/25, the transition to IFRS16 removes the concept of contingent rent. Instead, the PFI liability is remeasured each year for the revised level of unitary payments. This has resulted in an upward remeasurement of £4,139k for 2024/25. As the Code does not implement IFRS16 retrospectively, the upward remeasurement is calculated based on the unitary large uplift for the contract since payments were first made in 2003.

* In accordance with requirements for the implementation of IFRS16, the remeasurement of the PFI liability & PFI asset in 2024/25 includes the entire uplift in contract payments since the beginning of the PFI contract.

Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract as at 31 March 2025 (excluding any estimation of inflation and availability / performance deductions) are as follows:

| | Service Charges £'000 | Principal Repayments £'000 | Interest Payments £'000 | Total £'000 |
|---------------------------|-----------------------------|----------------------------------|-------------------------------|----------------|
| Repayable within 1 year | 848 | 1,283 | 884 | 3,015 |
| Repayable in 2 to 5 years | 4,163 | 6,301 | 2,367 | 12,831 |
| Repayable in 6 to 7 years | 2,059 | 3,634 | 339 | 6,032 |
| Total | 7,070 | 11,218 | 3,590 | 21,878 |

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

17. Assets held for sale

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|--|------------------|
| 640 | Balance at start of the year: | 8,933 |
| | Additions | 71 |
| | Assets newly classified as held for sale: | |
| 11,399 | Property, Plant and Equipment | 293 |
| (3,106) | Assets sold | (8,987) |
| 8,933 | Balance outstanding at year-end | 310 |

18. Debtors

| 2023/24 | | 2024/25 |
|-----------------|--|-----------------|
| 2,946 | Central government bodies | 3,626 |
| 5,487 | Other local authorities and NHS | 5,749 |
| | Other Debtors: | |
| 19,266 | Council Taxpayers | 22,821 |
| 5,295 | NDR Payers | 6,036 |
| 3,107 | Court Costs | 3,554 |
| 16,541 | Housing Tenants | 17,369 |
| 6,467 | Housing Benefit Recoveries | 7,493 |
| 4,556 | VAT | 3,523 |
| 7,413 | Payment in Advance | 7,285 |
| 45,044 | Other Entities & Individual | 44,574 |
| 116,122 | Total | 122,030 |
| | Less: Provision for Bad Debts | |
| (21,033) | Housing including Housing Benefit Overpayments | (18,967) |
| (16,337) | Council Tax | (18,468) |
| (4,133) | NDR | (4,841) |
| (4,407) | Other | (6,966) |
| (45,910) | Total - Provision for Bad Debts | (49,242) |
| 70,212 | Total | 72,788 |

Local Taxation Debtors

The past due but not impaired amount for local taxation (Council Tax and Non-Domestic rates can be analysed by age as follows:

| 2023/24 | | 2024/25 |
|--------------|--------------------------------|--------------|
| 2,714 | Council Tax - up to 1 year | 3,755 |
| 215 | Council Tax - more than 1 year | 599 |
| 2,929 | Total | 4,354 |
| 813 | NNDR - up to 1 year | 866 |
| 349 | NNDR - more than 1 year | 329 |
| 1,162 | Total | 1,195 |

19. Cash and Cash Equivalents

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|--|------------------|
| | Cash held by the Authority | |
| 26,158 | Bank current accounts | 23,777 |
| 5,387 | Bank Accounts - External | 5,040 |
| 22,411 | Short-term deposits | 17,877 |
| 53,956 | Cash and Cash Equivalents | 46,694 |
| (30,246) | Bank Accounts Overdrawn | (22,977) |
| 23,710 | Total Cash and Cash Equivalents | 23,717 |

External Accounts are separate bank accounts held by schools that are not part of the Council's pooled banking arrangements

20. Creditors

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|------------------------------------|------------------|
| (7,168) | Central government | (15,779) |
| (6,448) | Other Local Authorities | (8,131) |
| (741) | NHS Bodies | (390) |
| | Other creditors: | |
| (8,309) | Capital Creditors | (11,676) |
| (10,690) | Trade Creditors | (12,585) |
| (3,020) | Housing Prepayments | (3,472) |
| (11,039) | Income in Advance | (9,615) |
| (11,231) | Housing Inc. B&B | (5,326) |
| (8,665) | Council Tax | (9,376) |
| (55,617) | Other Entities | (48,002) |
| | Finance Leases & PFI* | (26,481) |
| (122,928) | Total Financial Liabilities | (150,833) |

* In accordance with requirements for the implementation of IFRS16, the remeasurement of PFI and Right of Use liability is included both in short-term and long-term (note 24) liabilities.

21. Provisions

| | Current Provisions | | | | Non-Current Provisions | | | |
|---------------------------------|--------------------|----------------|---------------------------------------|----------------|------------------------|---------------------------------------|-----------------------------------|----------------|
| | Insurance £'000 | Other £'000 | Business Rates Appeals £'000 | Total £'000 | Insurance £'000 | Business Rates Appeals £'000 | Social Care Provision £'000 | Total £'000 |
| 2024/25 | | | | | | | | |
| Balance at 1 April 2024 | (1,290) | (713) | - | (2,003) | (5,157) | (1,533) | (425) | (7,115) |
| Additional provisions made | - | | (1,356) | (1,356) | - | | | - |
| Amounts used | - | 506 | 510 | 1,016 | - | | 425 | 425 |
| Transfer to Current | | | (1,533) | (1,533) | | 1,533 | | 1,533 |
| Balance at 31 March 2025 | (1,290) | (207) | (2,379) | (3,876) | (5,157) | - | - | (5,157) |

| | Current Provisions | | | | Non-Current Provisions | | | |
|---------------------------------|--------------------|----------------|---------------------------------------|----------------|------------------------|---------------------------------------|-----------------------------------|----------------|
| | Insurance £'000 | Other £'000 | Business Rates Appeals £'000 | Total £'000 | Insurance £'000 | Business Rates Appeals £'000 | Social Care Provision £'000 | Total £'000 |
| 2023/24 | | | | | | | | |
| Balance at 1 April 2023 | (1,384) | (723) | | (2,107) | (5,009) | (962) | (425) | (6,396) |
| Additional provisions made | (391) | (166) | | (557) | (148) | (1,309) | - | (1,457) |
| Amounts used | 485 | 176 | | 661 | - | 738 | - | 738 |
| Balance at 31 March 2024 | (1,290) | (713) | - | (2,003) | (5,157) | (1,533) | (425) | (7,115) |

Purpose:

Insurance Provision: The Council's insurance programme is designed to protect the interests of Redbridge through a structured Risk Management Framework. The programme consists of elements of retained risk (self-insurance) with the remainder of risks transferred through insurance policies to an insurance provider. The level of the provision is based on a report received from an independent actuary.

Provision for Business Rates Appeals: The Council has set aside a provision for its share of any potential liabilities as a result of Business Rate payers' appeals against rateable valuations. The provision includes an amount for appeals lodged to date but yet to be determined by the Valuation Office Agency (VOA). The Council cannot be certain as to when the appeals will be resolved because the timing of resettlement depends on the VOA

22. Financial Instruments

Financial Assets:

| 2023/24 | | | | 2024/25 | | |
|---------------------------|------------------|----------------|--|--------------------------|------------------|----------------|
| Non - Current £'000 | Current £'000 | Total £'000 | | Non- Current £'000 | Current £'000 | Total £'000 |
| | 53,956 | 53,956 | Cash and Cash Equivalents at amortised costs | - | 46,694 | 46,694 |
| - | 53,956 | 53,956 | Total Cash and Cash Equivalents | - | 46,694 | 46,694 |
| | 96,883 | 96,883 | Investments at Amortised Cost | - | 107,042 | 107,042 |
| 17,032 | 250 | 17,282 | Fair Value through Profit and Loss | 17,360 | 241 | 17,601 |
| 17,032 | 97,133 | 114,165 | Total Investments | 17,360 | 107,283 | 124,643 |
| 1,626 | 47,575 | 49,201 | Debtors - Amortised Cost | 1,940 | 45,224 | 47,164 |
| 1,626 | 47,575 | 49,201 | Total Debtors | 1,940 | 45,224 | 47,164 |
| 18,658 | 198,664 | 217,322 | Total Financial Assets | 19,300 | 199,201 | 218,501 |
| | 22,637 | 22,637 | Non-Financial Assets - Debtors | - | 27,564 | 27,564 |
| 18,658 | 221,301 | 239,959 | Total | 19,300 | 226,765 | 246,065 |

Financial Liabilities:

| 2023/24 | | | | 2024/25 | | |
|---------------------------|------------------|----------------|---|---------------------------|------------------|----------------|
| Non - Current £'000 | Current £'000 | Total £'000 | | Non - Current £'000 | Current £'000 | Total £'000 |
| (292,684) | (11,320) | (304,004) | PWLB Amortised Cost | (359,171) | (28,554) | (387,725) |
| (85,889) | (1,709) | (87,598) | Market Loans and Bonds at amortised cost | (86,106) | (1,761) | (87,867) |
| (378,573) | (13,029) | (391,602) | Total Amortised Cost | (445,277) | (30,315) | (475,592) |
| (378,573) | (13,029) | (391,602) | Total Borrowings | (445,277) | (30,315) | (475,592) |
| - | (30,246) | (30,246) | Cash Overdrawn at amortised cost | - | (22,977) | (22,977) |
| (7,466) | (80,643) | (88,109) | Creditors and other Liabilities at Amortised Cost | (90,700) | (101,074) | (191,774) |
| (7,466) | (110,889) | (118,355) | Total Creditors | (90,700) | (124,051) | (214,751) |
| (386,039) | (123,918) | (509,957) | Total Financial Liabilities | (535,977) | (154,366) | (690,343) |
| (106,588) | (59,056) | (165,644) | Non-Financial Liabilities - Creditors and Others | (5,157) | (69,670) | (74,827) |
| (492,627) | (182,974) | (675,601) | Total | (541,134) | (224,036) | (765,170) |

Categories of Financial Instruments

The following categories of financial instrument are carried on the Balance Sheet:

Financial Assets – Fair Value Through Profit & Loss

The Council has an initial investment of £20.000m within the Local Authorities Property Fund with CCLA. At balance sheet date, this investment is valued at fair value which is based on the bid price. At 31 March 2025 the fair value of the Local Authorities Property Fund with CCLA was £17.360m. The difference

between the initial carrying value and the fair value of £2.640m does not impact the General Fund. It is instead posted to the Pooled Investment Revaluation Reserve.

| Recurring Fair Value Measurements | Input level in fair value hierarchy | Valuation technique used to measure fair value | 31 March 2024 Fair value £'000 | 31 March 2025 Fair value £'000 |
|---|--|---|---|---|
| Local Authorities Property Fund with CCLA | Level 2 | Inputs other than quoted prices that are observable for the financial asset | 17,032 | 17,360 |
| Total | | | 17,032 | 17,360 |

Financial Liabilities – Bonds at Amortised Cost

In November 2019 the Council issued a £75m bond to fund capital expenditure. The bond was issued at a premium of £11,161k and is repayable over 48 years. Bond repayments are index-linked to RPI. The effective interest rate (EIR) for the bond is therefore reassessed every year. The EIR for 2024-25 is 2.34%. The amortised cost value of the bond at 31 March 2025 is £77.7m.

Income, Expense, Gains and Losses

The income and expense recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

| 2023/24 £'000 | | 2024/25 £'000 |
|--------------------------|---|--------------------------|
| 10,030 | Interest Expenses - measured amortised cost | 20,000 |
| 10,030 | Total Expenses in Deficit/Surplus on the Provision of Services | 20,000 |
| (9,735) | Interest Income for the financial assets measured at amortised cost | (8,969) |
| (9,735) | Total Income in Deficit/Surplus on the Provision of Services | (8,969) |
| 691 | (Gains)/Losses on revaluation for financial assets measured at FVPL | (328) |
| 691 | (Gains)Losses on financial assets measured at fair value through profit and loss in Deficit/Surplus on the Provision of Services | (328) |
| 986 | Net Expense for the year | 10,703 |

Fair Values of Financial Assets and Financial Liabilities

The fair value of Public Works loan Board (PWLB) loans is calculated using the new loan rate published by the PWLB on 31 March 2025. For the non-PWLB loans the fair value is calculated using the new loan rate based on market evidence on 31 March 2025. This involves using Level 2 inputs.

- Estimated ranged of interest rates at 31 March 2025 of 5.01% to 6.21% for loans were available from the PWLB.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.

The carrying values of cash, investments held at amortised cost, short- and long-term debtors and creditors are assumed to be a fair approximation of their fair value.

The fair value of borrowing is lower than the carrying amount because the Council's loan portfolio includes fixed rate loans where the interest rate payable is lower than the new loan rate. This is a notional gain, based on economic conditions as at 31 March 2025, compared to the value of the loan portfolio on the open market.

| 2023/24 | | | 2024/25 | |
|------------------|------------------|--|------------------|------------------|
| Carrying amount | Fair Value | | Carrying amount | Fair Value |
| £'000 | £'000 | | £'000 | £'000 |
| (304,004) | (233,708) | Financial Liabilities at amortised cost - PWLB Loan | (387,725) | (306,573) |
| (87,598) | (85,540) | Financial Liabilities at amortised cost - Market Loans and Bonds | (87,867) | (84,550) |
| (30,246) | (30,246) | Cash Overdrawn | (22,977) | (22,977) |
| (80,643) | (80,643) | Short Term Creditors | (101,074) | (101,074) |
| (7,466) | (7,466) | Long Term Creditors | (90,700) | (90,700) |
| (509,957) | (437,603) | Total Financial Liabilities | (690,343) | (605,874) |
| 53,956 | 53,956 | Cash and Cash Equivalents | 46,694 | 46,694 |
| 96,883 | 96,883 | Investments held at amortised costs | 107,042 | 107,042 |
| 17,282 | 17,282 | Fair Value through Profit and Loss | 17,601 | 17,601 |
| 47,575 | 47,575 | Short Term Debtors | 45,224 | 45,224 |
| 1,626 | 1,626 | Long Term Debtors | 1,940 | 1,940 |
| 217,322 | 217,322 | Total Financial Assets | 218,501 | 218,501 |

Transfers between Levels of the Fair Value Hierarchy

There have been no transfers between input levels during the year. All fair value disclosures for financial assets and liabilities measured at amortised cost in the balance sheet use level 2 inputs.

Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for financial instruments.

Fair value hierarchy for financial assets and financial liabilities that are not measured at their fair value

| 2023/24 | | 2024/25 |
|---|--|---|
| Other significant observable Inputs Level 2 | | Other significant observable Inputs Level 2 |
| £'000 | | £'000 |
| (304,004) | Financial liabilities at amortised cost - PWLB loan | (387,725) |
| (87,598) | Financial Liabilities at amortised cost - Market Loans and Bonds | (87,867) |
| (7,466) | PFI & Lease Liability | (117,181) |
| (110,889) | Other Financial Liabilities at Amortised Cost | (74,593) |
| (509,957) | Total Financial Liabilities at Amortised Cost | (667,366) |
| 200,040 | Financial Assets held at Amortised Cost | 64,765 |
| 200,040 | Total Financial Assets at Amortised Cost | 64,765 |

Collateral

The Council holds legal charges on property to cover the costs of adult social care for clients who pay for their own care and where payment has been deferred to a later date.

| 2023/24 | 2024/25 |
|---|---------|
| £'000 | £'000 |
| 1,764 | 2,132 |
| Social Care - High Dependency Accommodation | |

23. Nature and Extent of Risks arising from Financial Instruments

The Council's activities are exposed to a variety of financial risks including:

- a. Credit risk - the possibility that other parties might fail to pay amounts due to the Council.
- b. Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- c. Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.
- d. Re-financing risk - the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.

The Council's overall treasury risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management, in this context, is carried out by a central treasury team, under policies approved by the Council in the Annual Treasury Management Strategy. The Council provides written principles for treasury risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Overall Procedures for Managing Risk

The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMP's). The TMP's are a requirement of the Code of Practice and are reviewed periodically.

The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting and following the requirements of the Code of Practice;
- by approving annually in advance Prudential Indicators for the following three years limiting:
 - the Council's overall borrowing;
 - maximum and minimum debt repayment profile;
 - maximum annual exposure to investments maturing beyond a year.

The Treasury Management Strategy for the forthcoming year sets out criteria for both investing and selecting investment counterparties in compliance with government guidance. The Strategy's objective is to prioritise the security and liquidity of the Council's investments over the investment yield. Prior to being approved by Full Council, the strategy is scrutinised by the Council's Governance and Assurance Committee. Performance is reported bi-annually to Council.

Credit Risk

Credit risk arises from deposits with banks, financial institutions, as well as credit exposure to the Council's customers. This risk is minimised by the Annual Investment Strategy which is available on the Council's website.

Credit risk arising from deposits with Banks and Financial Institutions

The Treasury Management Strategy requires the Council to maintain a counterparty list that follows the criteria set out in the TMPs. Creditworthiness is assessed by the use of credit ratings provided by Fitch Ratings, Moody's and Standard and Poor's to assess an institution's long and short-term financial strength. Information provided by Brokers, Advisers and other financial and economic reports is also used. Individual institutions are monitored against the Council's creditworthiness criteria. A maximum sum to be invested with each financial institution category is imposed.

Only highly rated counterparties may be included on the lending list. Any counterparty whose ratings fall to the extent that they no longer meet the credit criteria is immediately removed from the lending list.

The Council's maximum exposure to credit risk in relation to its investments in banks, building societies and Property Funds can be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. There was no evidence at 31 March 2025 that any risk of irrecoverability was likely to materialise.

In addition, the diversification of investments also provides additional security. The maximum percentages of the investment portfolio, which may be invested in each class of assets, are detailed:

Asset Class Percentages:

| Type of Asset | % of Total Investment as set by 2024/25 Treasury Management % | % of Total Investment as at 31 March 2025 % |
|---|---|---|
| UK Government | 100 | - |
| Local Authorities | 85 | 75 |
| Banks - Specified | 80 | - |
| Money Market Funds - Specified | 50 | 13 |
| Enhanced Cash Funds | 15 | - |
| Building Societies - Specified | 45 | - |
| Total Unspecified Investments | 50 | - |
| Overseas Banks - Specified | 50 | - |
| Non-UK Government and Supranational Bonds | 30 | - |
| Corporate Bonds | 15 | - |
| Property Funds | 25 | 12 |

The asset class percentages are well within the limits prescribed in the Council's Treasury Management Strategy for 2024/25.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Credit Risk arising from the Council's exposure to other assets

Credit risk can arise from the Council's exposure to other debtors. This excludes monies from government and public institutions and from local taxation. Payments for services are either required in advance or due at the time the service is provided.

Write off of debtors is subject to Council procedures.

The Council's long-term debtors are mainly in relation to a lease agreement. The expected credit loss allowance for lease receivables is negligible therefore having no impact on the carrying value.

Other debtors

Other debtors of £22,814k (£24,542k in 23/24) is the largest component of the financial instrument debtor balance of £45,224k (£47,575k in 23/24). The remaining balance is made up of various debtors and accruals totalling £22,410k (£23,033k in 23/24). Other debtors are analysed by age as follows:

| 2023/24 £'000 | Aged Debtor Analysis | 2024/25 £'000 |
|------------------|---|------------------|
| 12,767 | Up to and including three months | 14,970 |
| 4,318 | Over three and up to six months | 2,074 |
| 3,694 | Six months to one year | 2,582 |
| 8,170 | Over one year | 9,928 |
| 28,949 | Total | 29,554 |
| (4,407) | Less: Impairment | (6,740) |
| 24,542 | Total Other Debtors After Impairment | 22,814 |

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of Prudential Indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to the Public Works Loans Board (PWLb). The PWLB provides access to longer-term funds, therefore there is no significant risk that the Council will be unable to raise finance to meet its commitments. As at 31 March 2025 81.5% (77% as at 31 March 2024) of the Council's loans outstanding were with the PWLB and 18.5% provided by the Money Markets.

Through the Local Government Finance Act 1992, the Council is required to set a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. The Council has set and reviewed during the financial year, a prudent three-year budget and sought to set an affordable Council Tax for its residents. Therefore, there is no significant risk that the Council will be unable to raise finance to meet its commitments.

The Council manages its day-to-day liquidity position through the monitoring of Prudential Indicators, associated strategies and practices and cash flow management procedures.

Refinancing Risk

The Council's approved Treasury Management Strategy is set to avoid the risk of refinancing on unfavourable terms. The central treasury team address the operational risks within approved parameters. These include:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or rescheduling existing debt;
- Monitoring the maturity of investments to ensure that there is sufficient liquidity available for the Council's day-to-day cash flow needs (this is set at £25m per month in the Treasury Management Strategy), and the spread of long-term investments provides stability of maturities and returns in relation to long term cash flow needs; and
- On a short-term basis internal balances are available to be used for finance should market interest rates be unfavourable at the time of refinancing.

The maturity analysis for borrowing is as follows:

| Renewal Period | Loans Outstanding as at 31 March 2025 £'000 | Interest Outstanding as at 31 March 2025 £'000 | Limit of projected Fixed Rate Borrowing % | % of Total Borrowing 31 March 2025 % |
|----------------------------|--|---|--|---|
| Less than one year | 30,315 | 15,214 | 30 | 6 |
| Between one and two years | 64,900 | 13,609 | 45 | 6 |
| Between two and five years | 85,100 | 31,607 | 60 | 21 |
| Between five and ten years | 44,050 | 37,473 | 80 | 12 |
| More than 10 years | 251,227 | 107,823 | 100 | 55 |
| Total | 475,592 | 205,726 | | 100 |

| Renewal Period | Loans Outstanding as at 31 March 2024 £'000 | Interest Outstanding as at 31 March 2024 £'000 | Limit of projected Fixed Rate Borrowing % | % of Total Borrowing 31 March 2024 % |
|----------------------------|--|---|--|---|
| Less than one year | 11,355 | 11,147 | 30 | 3 |
| Between one and two years | 2,985 | 10,966 | 45 | 1 |
| Between two and five years | 67,420 | 28,614 | 60 | 17 |
| Between five and ten years | 41,275 | 38,067 | 80 | 11 |
| More than 10 years | 268,566 | 110,870 | 100 | 68 |
| Total | 391,601 | 199,664 | | 100 |

Bonds are included based on the projected change in amortised cost each year. The balance less than one year includes interest accruals. Maturity analysis in respect of the PFI arrangement is in Note 16.

Market Risk - Interest Rate Risk

The Council is exposed to risk in terms of its interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowing at variable rates – the interest expense charged to the Surplus / Deficit on the provision of services will rise.
- Borrowings at fixed rates – the fair value of the liabilities will fall.
- Investments at variable rates – the interest income credited to the Surplus / Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus and Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have quoted market prices will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. Its policy allows for a maximum of 50% of its borrowings to be held if appropriate in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses.

The Council has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, as at 31 March 2025, if interest rates had been 1% higher with all other variables held constant, the financial effect would have been:

| Impact of 1% Increase in Interest Rates | £'000 |
|---|--------------|
| Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure) | 19,756 |
| Increase in interest income on short-term investments (this would increase Financing & Investment Income and impact the Surplus or Deficit on the Provision of Services) | 1,453 |

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Changes in interest rates in-year have no material effect on Surplus or Deficit on the Provision of Services as both loans and investments are generally taken out at fixed rates and for fixed terms.

Impact on the bond of a 1% increase in RPI over Office of Budget Responsibility projections

The amortised cost of the bond is based on projections of RPI for the next 5 years. RPI is assumed to be 2.5% per year thereafter. The impact on Comprehensive Income and Expenditure in 25/26 of a 1% increase in RPI above the rates currently projected for the next 5 years is £210k.

24. Other Long-Term Liabilities

| 2023/24 £'000 | 2024/25 £'000 |
|--|--------------------------|
| (99,470) Pension Fund Liability/Asset | (17,905) |
| (7,466) PFI Liability | (9,935) |
| (3) Lease Liability | (80,765) |
| (106,939) Total Other Long-Term Liabilities | (108,605) |

25. Unusable Reserves

| 2023/24 £'000 | 2024/25 £'000 |
|--|--------------------------|
| (1,090,632) Revaluation Reserve | (990,334) |
| (493,981) Capital Adjustment Account | (443,584) |
| 1,101 Financial Instruments Adjustment Account | 1,068 |
| (62) Deferred Capital Receipts | (48) |
| 99,470 Pensions Reserve | 17,905 |
| (1,669) Collection Fund Adjustment Account | (1,115) |
| 6,486 Accumulated Absences Account | 5,951 |
| 2,968 Pooled investment adjustment account | 2,640 |
| (1,476,319) Total Unusable Reserves | (1,407,517) |

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and intangible assets). 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.

| 2023/24 £'000 | Revaluation Reserve | 2024/25 £'000 |
|--------------------|---|--------------------|
| (1,105,291) | Balance at 1 April | (1,090,632) |
| (64,576) | Upward revaluation of assets | (141,030) |
| 68,686 | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | 212,010 |
| 4,110 | Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services | 70,980 |
| 8,869 | Difference between fair value depreciation and historical cost depreciation | 8,702 |
| 1,680 | Revaluation Reserve transferred to Capital Adjustment Account on Derecognition and Disposals | 20,616 |
| (1,090,632) | Balance at 31 March | (990,334) |

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisitions, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties.

| 2023/24 £'000 | Capital Adjustment Account | 2024/25 £'000 |
|------------------|--|------------------|
| (490,701) | Balance at 1 April | (493,981) |
| | Reversal of items relating to capital expenditure debited or credited to the CIES: | |
| 35,155 | - Charges for depreciation and amortisation | 64,192 |
| 35,870 | - Revaluation losses on Property, Plant and Equipment | 103,385 |
| 8,816 | - Movements in the market value of Investment Properties | (9,974) |
| 7,831 | - Revenue Expenditure Funded from Capital Under Statute | 6,839 |
| 3,619 | - Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | 10,580 |
| (399,410) | | (318,959) |
| (10,549) | Adjusting amounts written out of the Revaluation Reserve: | (29,318) |
| | Capital financing applied in the year: | |
| (5,164) | - Use of the Capital Receipts Reserve to finance new capital expenditure | (1,993) |
| (5,843) | Use of the Major Repairs Reserve to finance new capital expenditure | (5,632) |
| (56,359) | Application of grants to capital financing from the Capital Grants Unapplied Account | (40,959) |
| (12,143) | - Statutory provision for the financing of capital investment charged against the General Fund balance | (39,891) |
| (4,513) | - Capital expenditure financed from the General Fund and HRA | (6,832) |
| (493,981) | Balance at 31 March | (443,584) |

Financial Instrument Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for premiums and discounts on the early repayment of loans per statutory provisions. The premium or discount is spread over the unexpired term of the loan when it was redeemed.

| 2023/24 £'000 | Financial Instrument Adjustment Account | 2024/25 £'000 |
|------------------|--|------------------|
| 1,321 | Balance at 1 April | 1,101 |
| (32) | Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements | (33) |
| (188) | Interest adjustment on staggered rate loans incurred in the year and charged to the Comprehensive Income and Expenditure Statement | - |
| 1,101 | Balance at 31 March | 1,068 |

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets for which cash settlement has yet to take place. When the deferred cash settlements eventually take place, amounts are transferred to the Capital Receipts Reserve.

| 2023/24 £'000 | Deferred Capital Receipts Reserve | 2024/25 £'000 |
|------------------|---|------------------|
| (62) | Balance at 1 April | (62) |
| - | Transfer to the Capital Receipts Reserve upon receipt of cash | 14 |
| (62) | Balance at 31 March | (48) |

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

| 2023/24 £'000 | Pension Reserve | 2024/25 £'000 |
|------------------|--|------------------|
| 157,050 | Balance at 1 April | 99,470 |
| (65,461) | Actuarial gains and (losses) on pensions assets and liabilities | (148,250) |
| | Actuarial asset ceiling adjustment | 63,481 |
| 34,663 | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES | 31,860 |
| (26,782) | Employer's pension contributions and direct payments to pensioners payable in the year | (28,656) |
| 99,470 | Balance at 31 March | 17,905 |

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council tax and non-domestic rate income in the Comprehensive Income and Expenditure Statement as it falls due from Council tax and rate payers, compared with the statutory arrangements for paying across

amounts to the General Fund from the Collection Fund.

| 2023/24 £'000 | Collection Fund Adjustment Account | 2024/25 £'000 |
|------------------|--|------------------|
| 1,868 | Balance at 1 April | (1,669) |
| (1,868) | Reversal of adjustments made at the end of the preceding year | 1,669 |
| | Amount by which NNDR income credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements | 815 |
| (967) | Amount by which Council Tax income credited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements | (1,930) |
| (702) | | |
| (1,669) | Balance at 31 March | (1,115) |

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise in the General Fund Balance from accruing for compensated absence earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March 2025. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

| 2023/24 £'000 | Accumulated Absences Account | 2024/25 £'000 |
|------------------|---|------------------|
| 7,794 | Balance at 1 April | 6,486 |
| (7,794) | Settlement of accrual made at the end of the preceding year | (6,486) |
| 6,486 | Amounts accrued at the end of the current year | 5,951 |
| | Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (535) |
| (1,308) | | |
| 6,486 | Balance at 31 March | 5,951 |

Pooled Investment Revaluation Reserve

The Pooled Investment Revaluation Reserve contains the gains and losses arising from the change in value of the council's investments that are measured at fair value through profit and loss.

| 2023/24 £'000 | Pooled Investment Account | 2024/25 £'000 |
|------------------|----------------------------|------------------|
| 2,277 | Balance at 1 April | 2,968 |
| 691 | Movements in reserve | (328) |
| 2,968 | Balance at 31 March | 2,640 |

26. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2024/25:

| 2023/24 £'000 | | 2024/25 £'000 |
|---|---|------------------|
| Credited to Taxation and Non-Specific Grant Income | | |
| (46,738) | Recognised Capital Grants and contributions | (46,730) |
| (33,583) | Business Rates Top-Up Grant | (35,927) |
| (15,203) | NDR S.31 Compensation Grant | (18,125) |
| (12,195) | Revenue Support Grant | (12,338) |
| (2,236) | Other Non-Ring Fenced Grants | (1,308) |
| (109,955) | Total | (114,428) |
| Credited to Services | | |
| (103,191) | Department of Work & Pensions | (85,371) |
| (39,237) | Department of Health Social Care & CCG | (48,629) |
| (329,112) | Department for Education | (373,218) |
| (21,356) | Department for Levelling Up, Housing & Communities - Social Care Grants | (22,814) |
| (29,334) | Other Miscellaneous Grants | (80,371) |
| (522,230) | Total | (610,403) |

Where a grant has yet to be used to finance Revenue or Capital Expenditure, it is either posted to the Revenue or Capital Unapplied Reserve.

| 2023/24 £'000 | | 2024/25 £'000 |
|---|--|------------------|
| Revenue Grants and Contributions Unapplied | | |
| (3,293) | Children's Services Grant | (2,670) |
| (571) | Department for Levelling Up, Housing and Communities | (2,850) |
| (1,404) | Department of Work and Pensions (DWP) | 0 |
| (2,435) | Other Revenue Grants & Contributions | (1,767) |
| (7,703) | Total | (7,287) |
| (882) | Section 106 | (101) |
| (8,585) | Total | (7,388) |

The Council has received grants and contributions 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. The balances at the year-end are as follows:

| 2023/24 £'000 | | 2024/25 £'000 |
|---|--------------|------------------|
| Capital Grants - Receipts in Advance | | |
| (11,748) | GLA Grant | (1,335) |
| (11,748) | Total | (1,335) |

| 2023/24 £'000 | 2024/25 £'000 |
|--|------------------|
| - | - |
| Revenue Grants - Receipts in Advance | |
| - Housing benefit grant received in advance | (9,093) |
| (3,020) Miscellaneous grants received in advance | (5,607) |
| (3,020) Total | (14,700) |

| 2023/24 £'000 | 2024/25 £'000 |
|--|------------------|
| Capital Grants and Contributions | |
| (32,090) Education Funding Agency | (24,803) |
| (1,117) Greater London Authority (GLA) Grants | (9,932) |
| (8,030) Department for Levelling Up, Housing and Communities | (7,836) |
| (1,014) Other miscellaneous | (2,507) |
| (42,251) Total | (45,078) |
| (7,178) Section 106 | (5,473) |
| (3,818) Community Infrastructure Levy | (11,689) |
| (2,165) Other Capital Contributions | (594) |
| (55,412) Total | (62,834) |

| 2023/24 £'000 | 2024/25 £'000 |
|---|------------------|
| Capital Grants Recognised in Revenue | |
| (57,061) Balances as above | (63,167) |
| (1,649) Capital Grants & Contributions increase/(decrease) | (6,106) |
| Capital Grants & Contributions applied (funding summary: - Grants | |
| (50,713) Capital grant applied | (40,327) |
| (5,645) S106/CIL Contributions | (297) |
| 58,007 Capital grants recognised | 46,730 |

27. Disclosure of Deployment of Dedicated Schools Grant in 2024/25

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). An element of DSG is recouped by the DfE to fund academy schools in the Council's area. DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations 2017. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget. Details of the deployment of DSG receivable for 2024/25:

| 2023/24 £'000 | | Central Expenditure £'000 | Individual schools budget £'000 | 2024/25 £'000 |
|------------------|--|---------------------------------|--|------------------|
| 370,796 | Final DSG for current year before academy and high needs recoupment | | | 398,558 |
| (86,181) | Less: Academy and high needs figure recouped for current year | | | 90,946 |
| 284,615 | Total DSG after academy and high needs recoupment for 2024/25 | | | 307,612 |
| 7,923 | Plus: Brought forward from previous year | | | 7,272 |
| - | Less: Carry-forward to future year agreed in advance | | | - |
| 292,538 | Agreed initial budgeted distribution in Current year | 15,358 | 299,526 | 314,884 |
| 628 | In-year adjustments | | 1,113 | 1,113 |
| 293,166 | Final budget distribution for current year | 15,358 | 300,639 | 315,997 |
| (15,511) | Less: Actual central expenditure | 16,937 | | 16,937 |
| (270,383) | Less: Actual ISB deployed to schools | | 293,570 | 293,570 |
| - | Plus: Local authority contribution for 2024/25 | | | - |
| 7,272 | In-year carry forward to 2025/26 | (1,579) | 7,069 | 5,490 |
| | Carry-forward to 2025/26 agreed in advance | | | - |
| 7,272 | Carry-forward to 2025/26 agreed in advance | | | 5,490 |
| | DSG unusable reserve at the end of 2023/24 | | | - |
| | Addition to DSG unusable reserve at the end of 2024/25 | | | - |
| | Total of DSG unusable reserve at the end of 2024/25 | | | - |
| 7,272 | Net DSG position at the end of 2024/25 | | | 5,490 |

28. Leases

The Council as Lessee – change in accounting policy

From 1 April 2024, the Council has changed its accounting policies to align with those in IFRS 16 Leases as adopted by the Code of Accounting Practice. In previous years, property, plant and equipment was only brought onto the Balance Sheet as an asset where the Council secured substantially all the risks and rewards incidental to ownership of the leased item (finance leases). For all other leases (operating leases), no assets were recognised, and rents were charged as expenses when they became payable. Before 1 April 2024, all leases where the Council was lessee were treated as operating leases.

From 1 April 2024, an asset representing the right to use the item over the lease term is recognised for all leases, except for those that are for low value items or whose term is less than one year. Liabilities are also recognised in the Balance Sheet for the Council's obligations to pay rents for the rights acquired, discounted to their present value.

The following amounts have been brought onto the Balance Sheet by adjusting the opening balances at 1 April 2024:

| | Property, Plant & Equipment £m | Other Long- Term Liabilities £m | Short-Term Creditors £m |
|---|--------------------------------------|---------------------------------------|-------------------------------|
| Balance at 31 March 2024 | 1,908 | (107) | (123) |
| Assets/liabilities recognised on transition | 133 | (101) | (32) |
| Opening balance at 1 April 2024 | 2,041 | (208) | (155) |

The newly recognised liabilities of £133m are £70m more than the operating lease commitments of £63m at 31 March 2024 disclosed in the 2023/24 statement of accounts. This is because £90m of the commitments have been added for leases previously excluded from the calculation. In addition, previously recognised commitments have been reduced by £20m as a result of discounting them to present value.

The Council as Lessee

Right-of-use assets are disclosed in note 12. The outstanding long-term lease liability is disclosed in note 24 and short-term lease liability is disclosed in note 20.

In June 2016 the Council entered into a 30-year lease agreement for an estate of houses in Canterbury for use as temporary accommodation for homeless households. The Council, in October 2017, entered into another similar lease covering an estate of houses in Uxbridge.

The Council also rents properties from the private sector (PSLs), block booked hotel rooms and houses in multiple occupation (HMOs) for use as temporary accommodation for homeless households. PSLs are leased for a period of 3 years and hotel rooms and HMOs for varying terms. PSLs that are not returned to the landlord at the end of the contract move on to 1 year rolling contracts governed by the Housing Act 1988. Due to operational requirements, the Council assumes that all PSLs will be held for an additional 3 years from the balance sheet date.

Other leases include lease contracts taken out by community schools.

The maturity analysis for lease liabilities is as follows:

| | 2024/25 | | | |
|--|-----------------|-----------------------------|-----------------------------------|------------------|
| | PSLs £'000 | Hotels and HMOs £'000 | Other Property Leases £'000 | Total £'000 |
| Not later than one year | (14,954) | (10,002) | (1,256) | (26,212) |
| Later than one year and not later than five years | (28,907) | (10,522) | (5,058) | (44,487) |
| Later than five years | - | - | (35,264) | (35,264) |
| Total | (43,861) | (20,524) | (41,578) | (105,963) |

Forecast future lease payments are as follows:

| | 2024/25 | | | |
|--|---------------|-----------------------------|-----------------------------------|----------------|
| | PSLs £'000 | Hotels and HMOs £'000 | Other Property Leases £'000 | Total £'000 |
| Not later than one year | 15,519 | 11,064 | 3,224 | 29,807 |
| Later than one year and not later than five years | 46,242 | 11,352 | 12,317 | 69,911 |
| Later than five years | - | - | 51,049 | 51,049 |
| Total | 61,761 | 22,416 | 66,590 | 150,767 |

Lease interest charged to the Financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement during the year was:

| | 2024/25 £'000 |
|--|------------------|
| Lease interest – PSLs | 2,264 |
| Lease interest – Hotels and HMOs | 1,252 |
| Lease interest – Other Property Leases | 2,014 |
| Total | 5,530 |

The Council as Lessor Finance Leases

The Council entered into a contract with Britannia Parking Limited for the lease of a multi storey car park at Clements Road, Ilford for a period of 125 years, from April 2002. The car park will be both managed and operated by Britannia Parking Limited. The rent is increased annually by applying a formula based upon the annual RPI index.

The Council has a gross investment in the lease, made up of the net present value of the minimum lease payments expected to be received over the remaining term. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by Britannia Parking Limited and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

| 2023/24 £'000 | | 2024/25 £'000 |
|--|--|------------------|
| Finance lease debtor (net present value of minimum lease payments): | | |
| 1 | Current | 1 |
| 1,893 | Non-current | 1,893 |
| 1,894 | Finance lease debtor | 1,894 |
| 8,644 | Finance lease income receivable over the remaining contract term | 8,542 |
| 10,538 | Gross Investment in the lease | 10,436 |

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

| | Minimum Lease Payments | | Finance Lease Payments | |
|---|------------------------|---------------|------------------------|---------------|
| | 2023/24 | 2024/25 | 2023/24 | 2024/25 |
| | £'000 | £'000 | £'000 | £'000 |
| Not later than one year | 102 | 102 | 229 | 212 |
| Later than one year and not later than five years | 409 | 409 | 879 | 900 |
| Later than five years | 10,026 | 9,924 | 47,840 | 47,607 |
| Total | 10,537 | 10,435 | 48,948 | 48,719 |

Finance lease payments are the projected income estimated to be received from the lessee over the remaining term of the contract.

29. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirements (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|--|------------------|
| 484,865 | Opening Capital Financing Requirement | 539,056 |
| | Adjustment for Right of Use Assets | 137,344 |
| 484,865 | Revised CFR as at 1 April | 676,400 |
| | Capital Investment | |
| 114,973 | Property, Plant and Equipment | 114,977 |
| 8,679 | Infrastructure Assets | 9,922 |
| 2,029 | Investment Property | 489 |
| 4,705 | Intangible Assets | 4,897 |
| - | Assets held for Sale | 71 |
| 7,831 | Revenue Expenditure Funded from Capital Under Statute | 6,839 |
| | Flexible use of capital receipt | 1,593 |
| - | Finance lease & PFI recognised in year | 664 |
| 138,217 | | 139,452 |
| | Source of Finance | |
| (5,164) | Capital Receipts to fund the capital programme | (1,993) |
| (56,359) | Government Grants and Other Contributions | (40,959) |
| - | Capital Receipts for flexible use | (1,593) |
| | Sums set aside from revenue | |
| (4,514) | Direct Revenue Contributions | (6,832) |
| (5,843) | Major Repairs Allowance | (5,632) |
| | Debt repayment | |
| (11,411) | Minimum Revenue Provision (MRP) | (12,120) |
| (735) | MRP PFI and Finance Lease | (27,771) |
| (84,026) | | (96,900) |
| 539,056 | Closing Capital Financing Requirement | 718,952 |
| | Explanation of movements in year: | |
| 66,337 | Increase in underlying need to borrow (unsupported by government financial assistance) | 81,779 |
| (12,146) | Statutory Provision for repayment of debt | (39,891) |
| | Right of use asset opening figures adjustment | 137,344 |
| - | Assets acquired under PFI/Service Concession Arrangements | 664 |
| 54,191 | Increase/(decrease) in Capital Financing Requirement | 179,896 |

30. Termination Benefits

The Council agreed to terminate the contracts of a number of employees in 2024/25 of which 13 related to officers and 3 related to school staff (10 officers and 3 schools in 2023/24).

| 2023/24 | | | | | 2024/25 | | | | |
|-----------------------------------|-----------------------------------|--|--|---------------------|-----------------------------------|-----------------------------------|--|--|--|
| 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 £'000 | | 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 £'000 | |
| 1 | 4 | 5 | 31 | £0 - £20,000 | | 11 | 11 | 79 | |
| 1 | 4 | 5 | 133 | £20,001 - £40,000 | | 2 | 2 | 73 | |
| 1 | - | 1 | 48 | £40,001 - £60,000 | | - | - | - | |
| 1 | - | 1 | 70 | £60,001 - £80,000 | | - | - | - | |
| - | 1 | 1 | 92 | £80,001 - £100,000 | | 1 | 1 | 93 | |
| - | - | - | - | £100,001 - £150,000 | 1 | 1 | 2 | 132 | |
| 4 | 9 | 13 | 374 | Total | 1 | 15 | 16 | 377 | |

31. Officers' Remuneration

The following table sets out the remuneration paid to the Council's senior employees:

| Post | Employee Name | Note | Total Remuneration | Pension Contributions | Total 2024/25 | Total 2023/24 |
|---|----------------------|----------|--------------------|-----------------------|------------------|------------------|
| Chief Executive | C Hamilton | | £ | £ | £ | £ |
| Chief Executive | C. Symonds | 1 | 15,276 | 2,918 | 18,194 | |
| | | | 37,706 | 3,203 | 40,909 | 227,704 |
| Corporate Director of Resources | M G Christofi | 2 | 72,709 | 12,379 | 85,088 | 197,147 |
| Corporate Director of Strategy | J Ellerby | | 156,111 | 29,817 | 185,928 | 181,394 |
| Corporate Director of Culture & Regeneration | M Baigent | | 156,111 | 29,817 | 185,928 | 181,394 |
| Corporate Director of Communities | N Fiedler | 3 | | | - | 45,115 |
| Corporate Director of People | A Loades | 4 | 175,672 | 31,113 | 206,785 | 209,705 |
| Operational Director of Assurance | P Sandhu | | 115,164 | 21,996 | 137,160 | 131,011 |
| Director of Public Health | G Xavier | | 135,060 | 19,421 | 154,481 | 144,809 |
| Total | | | 863,809 | 150,664 | 1,014,473 | 1,318,279 |

1. In 2024/25 Claire Symonds retired as Chief Executive with effect from 1 May 2024. From May 2024 to March 2025 the role of Chief Executive has been covered by Adrian Loades and then by Julian Ellerby. Claire Hamilton was appointed as the new Chief Executive from 3 March 2025.
2. The Corporate Director of Resources left the Authority on 18 August 2024 received an honorarium

payment of £4,279.47 with regards to the work undertaken on behalf of East London Waste Authority which is included within the salary. Since August 2024 the role of Corporate Director of Resources has been covered by interims, Zena Cooke then Duncan Whitfield at a combined cost of £268,509.

3. The Corporate Director of Communities role has been covered by an Interim since the departure of Nicky Fiedler in June 2023. The post has been covered by an Interim, Steve Moore, at a cost of £290,400 in 2024/25.
4. The Corporate Director of People retired on 31 January 2025. Following the retirement of the Chief Executive, Adrian Loades was the interim Chief Executive until his retirement in January. Since January the role of Corporate Director of People has been covered by an interim, Elaine Redding, at a cost of £51,920. In 2023/24, Adrian Loades received an honorarium payment of £16,889 to cover the role of Chief Executive.

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 was:

| 2023/24 | | | | LBR Pay Bands | 2024/25 | | | |
|------------|------------|------------|-----------------|---------------------|------------|------------|------------|-----------------|
| Officers | Teachers | VA Schools | No of Employees | | Officers | Teachers | VA Schools | No of Employees |
| 188 | 248 | 22 | 458 | £50,000 - £54,999 | 235 | 129 | 22 | 386 |
| 137 | 49 | 23 | 209 | £55,000 - £59,999 | 162 | 110 | 23 | 295 |
| 85 | 46 | 17 | 148 | £60,000 - £64,999 | 100 | 48 | 20 | 168 |
| 48 | 48 | 6 | 102 | £65,000 - £69,999 | 50 | 45 | 11 | 106 |
| 32 | 33 | 4 | 69 | £70,000 - £74,999 | 45 | 17 | 5 | 67 |
| 14 | 22 | 1 | 37 | £75,000 - £79,999 | 27 | 15 | 4 | 46 |
| 17 | 12 | 5 | 34 | £80,000 - £84,999 | 14 | 12 | 2 | 28 |
| 20 | 20 | 2 | 42 | £85,000 - £89,999 | 13 | 5 | 3 | 21 |
| 4 | 16 | - | 20 | £90,000 - £94,999 | 11 | 7 | 1 | 19 |
| 9 | 9 | 3 | 21 | £95,000 - £99,999 | 9 | 10 | 2 | 21 |
| 1 | 5 | 2 | 8 | £100,000 - £104,999 | 4 | 4 | 1 | 9 |
| 4 | - | - | 4 | £105,000 - £109,999 | 4 | 1 | - | 5 |
| 2 | 3 | - | 5 | £110,000 - £114,999 | 5 | - | 1 | 6 |
| 4 | 3 | - | 7 | £115,000 - £119,999 | 3 | 1 | 1 | 5 |
| 2 | 2 | - | 4 | £120,000 - £124,999 | 3 | - | - | 3 |
| | 1 | - | 1 | £125,000 - £129,999 | 2 | 1 | - | 3 |
| | - | - | - | £130,000 - £134,999 | 1 | 2 | - | 3 |
| | 1 | - | 1 | £135,000 - £139,999 | 2 | - | - | 2 |
| | 1 | - | 1 | £150,000 - £154,999 | - | 2 | - | 2 |
| | - | - | - | £155,000 - £159,999 | 2 | - | - | 2 |
| | 1 | - | 1 | £165,000 - £169,999 | 1 | 3 | - | 4 |
| | | | | £175,000 - £179,999 | - | 1 | - | 1 |
| | 1 | 1 | 2 | £190,000 - £194,999 | - | - | - | - |
| | | | | £195,000 - £199,999 | - | - | 1 | 1 |
| 567 | 521 | 86 | 1,174 | | 693 | 413 | 97 | 1,203 |

Remuneration includes gross salary, bonuses, expense allowances, compensation for loss of employment, and any other emoluments. This table excludes those officers listed in the previous table.

32. Members' Allowances

| 2023/24 £'000 | 2024/25 £'000 |
|------------------|------------------|
| 927 Allowances | 1,166 |
| 927 Total | 1,166 |

33. Related Parties

This disclosure note has been prepared using the Council's Register of Members' Declarations of Interest in addition to a specific declaration obtained in respect of related party transactions from Members and Chief Officers. The Council is required to disclose material transactions with related parties – bodies and individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of those transactions allows readers to assess the extent to which the Council may have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. In this context, related parties include:

- Central Government
- Elected Members of the Council
- Directors and Chief Officers of the Council
- Other Public Bodies
- Entities controlled or significantly influenced by the Council

• Central Government

Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants receipts outstanding at 31 March 2025 are shown in Note 26.

• Elected Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2024/25 is shown in Note 32.

During 2024/25 works and services to the value of £0.174m were commissioned from a company in which one Member had an interest. The contracts were entered into in full compliance with the Council's standing orders.

The Members' Register of Interests is available on the Council's web site (www.redbridge.gov.uk).

• Directors and Chief Officers of the Council

The Corporate Director of Resources and the Operational Director of Finance received an honorarium payment of £634.47 and £6,539.75 respectively in 2024/25 (£10,935 in 2023/24 payable to the Corporate Director of Resources only) with regards to the work undertaken on behalf of East London Waste Authority.

• Other Public Bodies

East London Waste Authority

Nature of Business and Relationship with the Council

The East London Waste Authority (ELWA) is a statutory body responsible for the disposal of waste in the London Boroughs of Barking and Dagenham, Havering, Newham and Redbridge.

Financial Performance

The levy payments paid by the Council to ELWA amounted to £19.933m (£19.168m in 20223/24)

Related Party Officers/Members

Two members of the Council are Board Members of ELWA: Councillor J. Blackman and Councillor G Williams.

Vision Redbridge Culture and Leisure

Nature of Business and Relationship with the Council

Vision Redbridge Culture & Leisure (VRCL) is a Leisure Trust which was incorporated as a company limited by guarantee under the Companies Act on 19 December 2007 and registered as a charity on 11 February 2008. Originally set up to manage the Council's leisure centres, in 2011/12 VRCL's remit was widened to incorporate responsibility for the management of the services previously managed in-house by the Culture, Sport & Community Leisure service area.

Financial Performance

The Council made payments of £9.964m in 2024/25 (£9.319m in 2023/24) to VRCL for the management of these services.

Related Party Officers/Members

One member of the Council is a Board Members at VRCL: Councillor Z Hussain.

• Entities Controlled or Significantly Influenced by the Council

The Council has the following interest in organisations listed below:

Redbridge Civic Services Ltd

Redbridge Civic Services Ltd was established as a wholly owned company in February 2019, to provide Waste Management Services.

Financial Performance

In July 2019 the Council entered into a five-year contract with this company and during 2024/25 made payments of £6.219m (£6.245m in 2023/24).

Related Party Officers

Dhires Bhatt was appointed as Director of this company.

Redbridge Living Limited

In October 2018, the Council set up a wholly owned company called 'Redbridge Living Limited'. The company was not operational during 2019/20, 2020/21, 2021/22, 2022/23, 2023/24 nor 2024/25.

Roding Homes Limited

In June 2019, the Council set up a wholly owned company called "Roding Homes Limited". The company was not operational during 2019/20, 2020/21, 2021/22, 2022/23, 2023/24 nor 2024/25.

Other

During the financial year, the Council charged the Pension Fund £0.535m for expenses incurred administering the Pension Fund (£0.535m in 2023/24) and £0.122m for expenses incurred for investment services (£0.122m in 2023/24).

34. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts:

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|---|------------------|
| 385 | Fees payable to Ernst & Young LLP (EY) with regard to external audit services carried out by the appointed auditor for the year. | 428 |
| 8 | Fees payable to Ernst & Young LLP (EY) with regard to external audit services carried out by the appointed auditor for prior years. | 50 |
| 393 | Total | 478 |

35. Pooled Budgets

The Council is involved with two pooled arrangements as set out below:

Better Care Fund

The Better Care Fund (BCF) is a national programme established on 1 April 2015 to support the integration of health and social care services. It enables local authorities and NHS bodies to pool resources and jointly plan and deliver services that improve outcomes for residents, particularly in areas such as hospital discharge, reablement, and community-based care.

Following the Health and Care Act 2022, Clinical Commissioning Groups (CCGs) were replaced by Integrated Care Boards (ICBs) from 1 July 2022. ICBs are now the statutory NHS organisations responsible for commissioning health services and leading integration across the health and care system.

Under the BCF framework, there is a national requirement for local authorities and ICBs to operate a pooled budget. Funding previously provided via Section 256 arrangements or directly to local authorities is now allocated by NHS England to the relevant ICB, which then transfers the resources into the pooled fund.

The London Borough of Redbridge acts as the host partner for the Better Care Fund pooled budget. This arrangement is governed by a Section 75 agreement with the local Integrated Care Board, enabling joint commissioning and delivery of integrated services across the borough.

| 2023/24 Pooled Budget £'000 | | 2024/25 Pooled Budget £'000 |
|-----------------------------------|----------------------------------|-----------------------------------|
| 9,005 | London Borough of Redbridge | 9,515 |
| 2,641 | Disabled Facilities Grant | 3,014 |
| 14,302 | NEL ICB (formally Redbridge CCG) | 14,657 |
| 25,948 | Total | 27,186 |

Equipment Pooled Fund

The Council entered into a pooled budget arrangement with various local authority and NHS partners in 2018/19. The primary purpose of this arrangement is to manage and control the sourcing, delivery, fitting, return and refurbishment of community equipment, adaptations and aids to daily living in service users' homes as part of an integrated community equipment service.

The agreement in place stipulates that partners will contribute to the 'pool' on the basis of their assumed activity levels. Where a partner has paid more into the pool than has been spent, the partner can either choose to carry their 'surplus' forward for use in the next financial year, or to have their 'surplus' repaid. Where there is a shortfall in the contributions made by a partner, they are required to redress this position.

The contributions and expenses of the Pool for 2024/25 were as follows:

| 2023/24 Pooled Budget £'000 | Equipment Pooled Fund | 2024/25 Pooled Budget £'000 |
|-----------------------------------|--|-----------------------------------|
| | Funding | |
| | Local Authority | |
| (1,374) | London Borough of Redbridge | (1,223) |
| (995) | London Borough of Havering | (1,074) |
| | Integrated Care Board (ICB) | |
| (695) | Redbridge | (738) |
| (744) | Havering | (732) |
| (558) | Barking and Dagenham | (729) |
| | NHS Trusts | |
| (657) | North East London NHS Foundation Trust | (763) |
| (94) | Barking, Havering and Redbridge University Hospital NHSTrust | (78) |
| (5,117) | Total Funding | (5,337) |
| 5,117 | Expenditure | 5,337 |
| 5,117 | Total Expenditure | 5,337 |
| - | Net (Surplus)/Deficit | - |

36. Pension Schemes Accounted for as a Defined Contribution Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme. However, the scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by Local Authorities. Valuations of the notional fund are undertaken every four years.

The scheme has in excess of 3,700 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for as a defined contribution scheme.

In 2024/25, contributions amounting to £20.977m were paid by the Council to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 28.6% of pensionable pay. This sum includes the contributions for March 2024 which were paid in April. The figures for 2023/24 were £22.425m and 23.68%.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 37.

The Council is not liable to the scheme for any other entities' obligations under the plan.

NHS Staff Pension Scheme

In 2013/14, former NHS employees transferred to the Council. These employees have maintained their membership in the NHS Pension Scheme. The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. As with the Teacher's Pension Scheme, the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for as a defined contribution scheme.

In 2024/25, the Council paid £0.025m to the NHS Pension Scheme in respect of former NHS staff retirement benefits, representing 23.7% of pensionable pay. The figures for 2023/24 were 0.028m and 20.68%. There were no contributions remaining payable at the year end.

37. Defined Benefit Pension Scheme

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 that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post-employment arrangements:

- The Local Government Pension Scheme, administered locally by the London Borough of Redbridge – this is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated by the Council to meet actual pension payments as they eventually fall due.

The London Borough of Redbridge Pension Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pension Fund Committee of the London Borough of Redbridge. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the fund are appointed by the Committee which consists of five Members.

The principal risks to the Council are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Discretionary post-retirement benefits

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

Transaction Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, so the actuarial cost of post-employment/retirement benefit is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

| 2023/24 £'000 | Income and Expenditure statement | 2024/25 £'000 |
|------------------|--|------------------|
| | Cost of Services: | |
| 27,751 | Current Service Cost | 26,888 |
| 52 | Past Service Costs | 237 |
| (588) | Effect of Settlements | - |
| | Financing and Investment Income and Expenditure | |
| 47,054 | Interest on Pension Scheme Liabilities | 48,545 |
| (39,606) | Expected return on scheme assets | (43,810) |
| 34,663 | Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services | 31,860 |

| 2023/24 £'000 | Note | 2024/25 £'000 |
|---|---|------------------|
| Re-measurement of the defined benefit liability | | |
| 48,255 | Return on assets excluding amounts included in net interest | (19,448) |
| 45,049 | Actuarial (losses)/gains arising from changes in financial assumptions | 155,214 |
| 4,869 | Actuarial (losses)/gains arising from changes in demographic assumptions | 1,782 |
| (32,712) | Other experience and actuarial adjustments | 10,702 |
| - | Change in effect of asset ceiling | (63,481) |
| 65,461 | Total Post-Employment Benefit charged to the CIES | 84,769 |
| Movement in Reserves Statement: | | |
| (34,663) | Reversal of net charges made to the Deficit on the provision of Services for post-employment benefits in accordance with the code | (31,860) |
| Actual amount charged against the General Fund Balance for pensions in the year: | | |
| 24,793 | Employer's contributions payable to scheme | 26,534 |
| 1,989 | Employer's discretionary contributions payable | 2,122 |
| 57,580 | Retirement benefits payable to pensioners | 81,565 |

Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

| 2023/24 £'000 | Pension Assets and Liabilities recognised in the Balance Sheet | 2024/25 £'000 |
|------------------|--|------------------|
| (995,773) | Present Value of Funded Obligations | (871,344) |
| 916,177 | Fair value of plan assets | 934,825 |
| (79,596) | Sub-total | 63,481 |
| | Impact of asset ceiling | (63,481) |
| (19,874) | Present Value of Unfunded/Discretionary Obligations | (17,905) |
| (99,470) | Net liability arising from defined benefit obligation | (17,905) |

Reconciliation of the movements in the fair value of the scheme assets

| 2023/24 £'000 | Reconciliation of fair value of the scheme assets | 2024/25 £'000 |
|------------------|--|------------------|
| 840,920 | Opening fair value of scheme assets at 1 April | 916,177 |
| | Expected return on scheme assets: | |
| 39,606 | Interest Income | 43,810 |
| 48,255 | Re-measurement gain/(loss) | (19,448) |
| 24,843 | Employer contributions | 26,534 |
| 8,567 | Contributions by scheme participants | 9,602 |
| (1,150) | Benefits paid | |
| | Asset ceiling adjustment | (63,481) |
| (44,864) | Settlement prices received/(paid) | (41,850) |
| 916,177 | Closing fair value of scheme assets at 31 March | 871,344 |

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

| 2023/24 £'000 | Reconciliation of present value of the scheme liabilities | 2024/25 £'000 |
|------------------|---|------------------|
| 997,970 | Opening balance at 1 April | 1,015,647 |
| 27,751 | Current service cost | 26,888 |
| (1,686) | Past service costs | 237 |
| 47,054 | Interest cost | 48,545 |
| 8,567 | Contributions by scheme participants | 9,602 |
| | Remeasurement (gains)/losses: | |
| (45,049) | - change in financial assumptions | (155,214) |
| (4,869) | - change in demographic assumptions | (1,782) |
| 32,762 | - change in other assumptions | (10,702) |
| (44,864) | Benefits paid | (41,850) |
| (1,989) | Discretionary benefits | (2,122) |
| 1,015,647 | Closing balance at 31 March | 889,249 |

The Local Government Pension Scheme's Asset Comprised

| 2023/24 £'000 | The Scheme Assets comprise: | 2024/25 £'000 |
|------------------|---|------------------|
| | Property | |
| 60,880 | UK Property Unit Trusts | 122,822 |
| | Investment Funds and Unit Trusts | |
| 538,191 | Equities | 547,719 |
| 204,349 | Bonds | 189,559 |
| 51,808 | Infrastructure | 65,553 |
| 55,869 | Other | - |
| 911,097 | Sub-total | 925,653 |
| | Cash and Cash Equivalents | |
| 5,080 | Cash | 9,172 |
| 916,177 | Total Assets | 934,825 |

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits Liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the London Borough of Redbridge Pension Fund being based on the latest full valuation of the scheme as at 1 April 2022.

The significant assumptions used by the actuary have been as follows:

| 2023/24 | Mortality assumptions: | 2024/25 |
|--|--|---------|
| Longevity at 65 for current pensioners: | | |
| 21.3 | Men | 21.2 |
| 24.0 | Women | 24.0 |
| Longevity at 65 for future pensioners: | | |
| 22.1 | Men | 22.0 |
| 25.5 | Women | 25.5 |
| Other assumptions: | | |
| 2.80% | RPI Increases | 2.80% |
| 2.80% | CPI Increases | 2.80% |
| 2.80% | Rate of increase in salaries* | 2.80% |
| 2.80% | Rate of increase in pensions | 2.80% |
| 4.80% | Rate for discounting scheme liabilities | 5.80% |
| 53.00% | Take up option to convert some annual pension into retirement lump sum | 53.00% |

| 2023/24 | | | 2024/25 | |
|---------------------------------|---------------------------------|--|---------------------------------|---------------------------------|
| Increase in Assumption £'000 | Decrease in Assumption £'000 | Impact on the Defined Benefit Obligation in the Scheme | Increase in Assumption £'000 | Decrease in Assumption £'000 |
| 40,626 | (40,626) | Longevity (increase or decrease by 1 year) | 35,570 | (35,570) |
| 1,023 | (1,023) | Rate of increase in salaries (increase or decrease by 0.1%) | 497 | (497) |
| 16,112 | (16,112) | Rate of increase in pension (increase or decrease by 0.1%) | 14,292 | (14,292) |
| (16,832) | 16,832 | Rate for discounting scheme liabilities (increase or decrease by 0.1%) | 14,387 | (14,387) |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes 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 assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The approach taken in preparing the sensitivity analysis is consistent with that adopted in the previous period.

Impact on the Council's Cashflows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. At the last valuation the Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 17 years. The triennial valuation was completed as at 31 March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Service Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public services scheme 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.

The total amount of contributions expected to be paid to the LGPS by the Council in the year to 31 March 2026 is £26.202 million.

Events after the Balance Sheet Date

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, London Borough of Redbridge does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements"

38. Notes to the Cashflow Statement

(a) Cash Flow Statement – Operating Activities

The (deficit) on the provision of services has been adjusted for the following non-cash movements.

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|--|------------------|
| 40,123 | Net (surplus) or deficit on the provision of services | 87,727 |
| | Adjustments for non-cash movements | |
| (35,155) | Depreciation and Amortisation | (64,191) |
| | Changes in fair value of Investment Properties | 9,974 |
| (35,870) | Impairment and downward valuations | (103,385) |
| | Increase / decrease in impairment for bad debts | (493) |
| | Increase / decrease in provisions | 85 |
| 26,907 | Increase / decrease in creditors | 2,676 |
| (26,868) | Increase / decrease in debtors | 1,612 |
| (1) | Increase / decrease in inventories | (118) |
| (7,881) | Movement in Pension liability | (3,204) |
| (3,619) | Carrying amount of non-current assets sold or derecognised | (10,580) |
| (7,058) | Other non-cash items charged to the net Surplus or Deficit on the provision of services | (238) |
| (89,545) | | (167,862) |
| | Adjustment for items that are Investing and Financing activities | |
| 3,648 | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 12,570 |
| 46,759 | Capital Grants Credited to surplus or deficit on the provision of services | 46,731 |
| 50,407 | | 59,301 |
| 985 | Net cash flows from Operating Activities | (20,834) |
| | The cash flows for Operating Activities includes the following items: | |
| (9,809) | Interest received | (8,969) |
| 9,768 | Interest paid | 20,000 |
| (41) | Net cash flows from Operating Activities | 11,031 |

(b) Cash Flow Statement – Investing Activities

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|--|------------------|
| 129,755 | Purchase of property, plant and equipment, investment property and intangible assets | 126,989 |
| 1,024,465 | Purchase of short-term and long-term investments | 1,068,293 |
| (3,648) | Proceeds from the sale of property, plant and equipment, investment property | (12,570) |
| (1,080,570) | Proceeds from short-term and long-term investments | (1,059,680) |
| | Other receipts from investing activities: | |
| (46,759) | Capital grants credited to surplus or deficit on the provision of services | (46,731) |
| 23,243 | Net cash flows from investing activities | 76,301 |

(c) Cash Flow Statement – Financing Activities

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|--|------------------|
| (53,000) | Cash receipts of short and long-term borrowing | (95,466) |
| 26,012 | Repayments of short-term and long-term borrowing | 11,476 |
| 735 | Cash payment relating to outstanding finance lease liability | 27,770 |
| | Other payments for financing activities: | |
| | Council Tax and NNDR Debtors | 1,457 |
| | Council Tax and NNDR Creditors | (711) |
| (26,253) | Net Cash flows from financing activities | (55,474) |

39. Going Concern

The Statement of Accounts has been prepared on a going concern basis. This reflects the Council's continuing responsibility to deliver statutory services and its ability to do so for the foreseeable future.

In accordance with Practice Note 10 (Revised 2024) and Supplementary Guidance Note 01 issued by the National Audit Office, the going concern assessment for local government bodies is based on the ongoing provision of services, rather than commercial solvency. The Council is a statutory body and, as such, cannot be wound up without statutory authority. There is no evidence to suggest that the Council will cease to operate or deliver services in the next 12 months.

Management has considered the financial position, including:

- The approved Medium Term Financial Strategy and budget for the current and future years;
- Capital and Treasury strategies
- The level of usable reserves and the Council's ability to manage financial pressures;
- Statutory powers and duties which underpin service delivery;
- Government funding arrangements and support mechanisms.

While the Council continues to face financial challenges, including inflationary pressures and demand-led services, it has appropriate plans and governance in place to manage these risks. There are no indications of statutory intervention (e.g. Section 114 notice) or other events that would cast significant doubt on the Council's ability to continue operating.

Accordingly, the accounts have been prepared on a going concern basis. This judgement is supported by

the following key factors:

- **Adequacy of Reserves:** The Council's balance sheet as at 31 March 2025 shows a net worth of £1.7bn. A prudent and sustainable approach to financial management has meant that the General Fund (monies set aside to enhance financial resilience, offset the effect of adverse events and address the structural budget deficit) has been maintained at a minimum level of £24m and Earmarked Reserves, which currently exceeds £55m, serve a similar purpose, mainly being amounts set aside to meet known or predicted liabilities.
- **Statutory Requirement & Balanced Budget:** The Council is required by statute to set a balanced budget annually. For 2025/26, a balanced net revenue budget of £242.940m has been approved, without reliance on general reserves for recurring expenditure.
- **Medium Term Financial Strategy:** The latest MTFs to 2030/31 identifies a £184.489m savings requirement and sets out a structured Savings and Transformation Programme to address this, with planned growth in earmarked reserves over the period.
- **Capital Programme:** A £1.136bn capital programme is in place, prioritising statutory compliance, service sustainability, and invest-to-save schemes, all managed within CIPFA Prudential Code parameters. There will be planned borrowing, either from the Public Works Loans Board (PWLb) or other sources, to fund this programme. The timing and extent of the capital programme is under regular review. The Council is forecast to be within its authorised limit and operational boundary for external debt and has significant headroom between its forecast gross debt and its capital financing requirement.
- **Treasury & Liquidity Management:** The Treasury Management Strategy ensures borrowing remains affordable, debt is repaid on a prudent basis, and sufficient liquidity is maintained to meet obligations. the cash flow forecast is updated on an ongoing basis and the medium-term financial strategy fully reflects the potential borrowing costs required. Treasury activities are managed proactively to ensure there is sufficient cash available to meet the Council's operational needs. It is the Council's policy to maintain overnight and short-term cash deposits of at least £25m. The Council has in place overdraft facilities with its bank and can borrow short term from the money market.
- **Risk Management:** Risks from funding uncertainty and service demand growth are recognised, with contingency provisions, earmarked reserves, and governance processes in place to respond promptly to emerging pressures.

Housing Revenue Account Income and Expenditure Statement

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants.

Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement in the HRA Statement.

| 2023/24 £'000 | Notes | 2024/25 £'000 |
|--|-------|------------------|
| Expenditure | | |
| 9,595 Repairs and Maintenance | | 10,262 |
| 15,125 Supervision and Management | | 15,893 |
| 864 Rents, Rates, Taxes and Other Charges | | 824 |
| 30,683 Depreciation and impairment of fixed assets | 6 | 78,243 |
| 177 Discretionary Housing Benefit | | 95 |
| 56,444 | | 105,317 |
| Income | | |
| (28,848) Dwelling Rents | 1 | (32,893) |
| (435) Non-Dwelling Rents | | (469) |
| (5,442) Charges for Services and Facilities | | (5,137) |
| (194) Contributions towards expenditure | | - |
| (34,919) | | (38,499) |
| 21,525 Net Cost of HRA Services as included in the CIES | | 66,818 |
| HRA share of the operating income and expenditure included in the CIES: | | |
| (263) Gain or (loss) on sale of HRA non-current assets | | (1,276) |
| 3,619 Interest payable and similar charges | | 6,402 |
| (1,487) Interest and investment income | | (1,538) |
| 181 Impairment Allowance | | 197 |
| 186 Pensions interest cost and expected return on pension assets | | 117 |
| (20,400) Capital grants and contributions receivable | | (3,036) |
| 3,361 Surplus or (Deficit) for the year on HRA services | | 67,684 |

Movement on the Housing Revenue Account Statement

| 2023/24 £'000 | 2024/25 £'000 |
|---|------------------|
| (7,030) Balance as at 1 April | (7,463) |
| 3,361 Surplus or (Deficit) for the year on the HRA Income and Expenditure Statement | 67,684 |
| (3,794) Adjustment between accounting basis and funding basis under statute | (65,907) |
| (433) Net (increase)/decrease before transfers to or from reserves | 1,777 |
| Transfers (to) of from reserves | (2,526) |
| (433) (Increase) / Decrease in year on the HRA | (749) |
| (7,463) Balance as at 31 March | (8,212) |

Notes to the Housing Revenue Account

1. Rent Income

Gross rent income is the total rent income due after allowance is made for void properties. During the year an average of 1.38% of rent was lost because of properties that were vacant (0.44% in 2023/24). The average rent for social housing stock (social and affordable housing) was £139.85 per week in 2024/25 and £127.16 per week in 2023/24.

2. Housing Stock

The Council is responsible for managing a Housing Revenue Account stock as per the analysis below. The Council is also a freeholder of 2525 leased properties.

| 2023/24 Number | | 2024/25 Number |
|-------------------|-------------------------|-------------------|
| 1,607 | One or fewer Bedrooms | 1,644 |
| 1,435 | Two Bedrooms | 1,476 |
| 1,364 | Three or more Bedrooms | 1,428 |
| 126 | Sheltered Housing Units | 126 |
| 4,532 | Total | 4,674 |

3. Rent Arrears

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|----------------------------------|------------------|
| 2,030 | Arrears due from Current tenants | 2,124 |
| 532 | Arrears due from Former tenants | 723 |
| 2,562 | Total | 2,847 |

4. Adjustments between accounting and funding basis

| 2023/24 £'000 | | Notes | 2024/25 £'000 |
|---------------------------------------|--|-------|------------------|
| (30,683) | Depreciation and impairment on Fixed Assets | 6 | (78,243) |
| 263 | Gain or (loss) on sale of HRA non-current assets | | 1,364 |
| (211) | HRA share of contributions to or from the Pension Reserve | | (137) |
| (54) | Capital Receipts cost of sales | | (88) |
| 594 | Capital expenditure funded by the HRA | | 2,526 |
| 20,400 | Capital Grants and contributions receivable | | 3,036 |
| 54 | Accumulated absences accrual | | 3 |
| 5,843 | Posting of HRA resources from revenue to the Major Repairs Reserve | 7 | 5,632 |
| (3,794) | | | (65,907) |
| Transfers (from) / to reserves | | | |
| 33 | Movement on earmarked reserves | 8 | (2,526) |
| 33 | | | (2,526) |

5. Balance Sheet Value of HRA Assets

| 2023/24 £'000 | 2024/25 £'000 |
|---------------------------------|------------------|
| 344,602 Dwellings | 377,412 |
| 12,368 Other Land and Buildings | 11,780 |
| 356,970 | 389,192 |

The vacant possession value of dwellings within the HRA as at 1 April 2025 was £1,511m (£1,448m as at 1 April 2024). The difference of £1,134m between the vacant possession value and the Balance Sheet value of dwellings (£377mm) within the HRA represents the economic cost of providing council housing at less than open market value.

6. Depreciation and Impairment charges

| 2023/24 £'000 | 2024/25 £'000 |
|--|------------------|
| 5,744 Depreciation Operational Assets - dwellings | 5,511 |
| 99 Depreciation Operational Assets – other land and buildings | 164 |
| 24,840 Impairment of fixed assets – dwellings and other land and buildings | 72,568 |
| 30,683 | 78,243 |

The charge for impairment in 2024/25 is reflected in the market value of HRA dwellings.

7. Major Repairs Reserve

MRA funds held in the Reserve can be used for capital expenditure or repayment of debt on HRA assets only.

| 2023/24 £'000 | 2024/25 £'000 |
|---|------------------|
| - Balance Brought Forward | - |
| (5,744) Major Repairs Allowance (MRA) | (5,508) |
| (99) Non-dwellings depreciation | (124) |
| 5,843 Capital Expenditure funded from the MRR | 5,632 |
| - Balance on the Major Repairs Reserves as at 31 March | - |

8. Movement in Earmarked Reserves

| 2023/24 £'000 | 2024/25 £'000 |
|--|------------------|
| - HRA - Quality of Life | 660 |
| - HRA - New Provision Receipts (admin RTB) | 1,374 |
| - HRA - IT Reserve | 376 |
| - HRA - Investment Reserve | 58 |
| - HRA - Orchard Office Building Works | 50 |
| - HRA - Asbestos Works | 9 |
| 0 Total | 2,527 |

9. HRA Capital Financing

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|--|------------------|
| 80,426 | Spend on Dwellings | 76,168 |
| 778 | Spend on Non-Dwellings | 1,311 |
| 81,204 | HRA Capital Expenditure | 77,479 |
| | Financed by: | |
| 17,400 | Government Grants | 11,478 |
| 3,000 | S106 Contributions | 84 |
| 400 | Contribution from Revenue | - |
| 5,843 | Net Contributions from Major Repairs Reserve | 5,632 |
| 276 | Capital Receipts - Other | 181 |
| 1,666 | Contribution from Other Reserves | 2,526 |
| 4,619 | Capital Receipts – RTB | 1,555 |
| 48,000 | Borrowing | 56,023 |
| 81,204 | Total Funding | 77,479 |

10. Capital Receipts

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|-----------------------------|------------------|
| | HRA Capital Receipts | |
| 3,375 | Properties | 4,327 |
| 5 | Land and Garages | - |
| 3,380 | Total | 4,327 |

11. HRA share of Contribution to or from the Pension Reserve

Under IAS 19 the cost of retirement benefits is recognised in the net cost of services when employees earn them rather than when the benefits are eventually paid. This principle is applied to the HRA. The HRA has been charged with its share of the pension interest cost and return on pension assets, and these together with the charge in service costs have been matched by a transfer to the Pension Reserve so that the net outturn on the HRA is not altered by these IAS19 adjustments.

Collection Fund

The collection fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate collection fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-domestic rates.

Income and Expenditure Account

| 2023/24 | 2024/25 | 2024/25 | 2024/25 | 2024/25 |
|--|----------------------|-----------------|--------------|------------------|
| Total £'000 | Council Tax £'000 | NDR £'000 | BRS £'000 | Total £'000 |
| Income | | | | |
| (181,397) Council Taxpayers | (195,543) | | | (195,543) |
| General Fund Discretionary Relief | | | | |
| (971) Contribution | (554) | | | (554) |
| (51,390) Income from Business Ratepayers | | (54,730) | (797) | (55,527) |
| Transitional Protection–Central | | | | |
| (4,632) Government | | (1,345) | | (1,345) |
| (238,390) Total Income | (196,097) | (56,075) | (797) | (252,969) |
| Expenditure | | | | |
| Precepts: | | | | |
| 139,473 London Borough of Redbridge | 147,724 | | | 147,724 |
| 39,278 Greater London Authority | 43,027 | | | 43,027 |
| Business Rates: | | | | |
| 16,224 London Borough of Redbridge | | 15,963 | | 15,963 |
| 20,833 Greater London Authority | | 19,687 | 791 | 20,478 |
| 17,846 Central Government | | 17,559 | | 17,559 |
| 273 Costs of Collection | | 267 | 6 | 273 |
| Apportionment of previous years estimated collection fund surplus/(deficits): | | | | |
| (3,836) London Borough of Redbridge | 460 | 915 | | 1,375 |
| (2,631) Greater London Authority | 130 | 1,129 | | 1,259 |
| (1,835) Central Government | | 1,007 | | 1,007 |
| Bad and Doubtful Debts | | | | |
| 5,122 Provisions | 3,166 | 2,659 | | 5,825 |
| Write-offs | | 10 | | 10 |
| 1,903 Provisions for appeals | | 2,819 | | 2,819 |
| 232,650 Total Expenditure | 194,507 | 62,015 | 797 | 257,319 |
| (5,740) Deficit/(Surplus) for the year | (1,590) | 5,940 | - | 4,350 |
| (Deficit)/Surplus bought forward at 1 April | | | | |
| 1,615 | (902) | (3,223) | | (4,125) |
| (Deficit)/Surplus carried forward at 31 March | | | | |
| 4,125 | (2,492) | 2,717 | - | 225 |
| Allocated to: | | | | |
| (1,669) London Borough of Redbridge | (1,929) | 815 | | (1,114) |
| (1,410) Greater London Authority | (563) | 988 | | 425 |
| (1,046) Central Government | | 914 | | 914 |
| (4,125) Total | (2,492) | 2,717 | | 225 |

Notes to the Collection Fund

1. Council Tax

Council Tax is chargeable on residential properties and is based on valuations bandings arising from the introduction of the system in 1993. The Council set the level of Council Tax for 2024/25 at £2,089.87 for band D properties (this includes £471.40 on behalf of the Greater London Authority). On setting the level of Council tax for 2024/25, the number of band D equivalent properties in each band making up the Council Tax base was as follows:

| 2023/24 Number of Properties | Band | 2024/25 Number of Properties |
|------------------------------------|--|------------------------------------|
| 2,208 | A | 2,289 |
| 10,222 | B | 10,497 |
| 22,954 | C | 23,288 |
| 30,483 | D | 30,620 |
| 22,718 | E | 22,787 |
| 10,564 | F | 10,643 |
| 5,183 | G | 5,223 |
| 377 | H | 381 |
| (1,846) | Council Tax base collection allowance adjustment | (1,863) |
| (1,941) | Allowance for estimated full value of exemptions (inc. disabled) | (1,846) |
| (10,450) | Local Authority Tax Support Scheme | (10,745) |
| 90,472 | Total | 91,274 |

2. Income from Business Rates

The Council collects business rates for its area based on rateable values (as determined by the Valuation Office Agency) and multipliers set by Central Government. The multipliers for 2024/25 were frozen by the Government at the 2021/22 multiplier rates of 49.9p for qualifying Small Businesses, with the standard multiplier being 54.6p for all other businesses.

The total rateable value for business premises as at the end of March 2025 was £172,544,544 (£171,465,899 as at 31st March 2024).

Under the Business Rate Retention Scheme, the total rate collected is shared between Redbridge, the GLA and Central Government based on statutory allocations. The shares are shown below.

| | Redbridge | GLA | Government | Total |
|-------------------|-----------|-----|------------|-------|
| Percentage Shares | 30% | 37% | 33% | 100% |

3. Business Rate Supplement (BRS)

Under the arrangements for the BRS, the Council collects a supplement for its area based on a charge set by the GLA. The total amount, less certain deductions, is paid to the GLA on whose behalf it is collected.

4. Provision for Appeals

The Fund has a provision for appeals made to the Valuation Office against rating valuations but not settled as at 31 March 2025. As at 31 March 2025 a provision of £4.520m (£4.364m in 2023/24) was charged to the Collection Fund.

Independent Auditor's Report to the Members of London Borough of Redbridge on the Pension Fund's Financial Statements

Pension Fund Account for the Year Ended 31 March 2025

| 2023/24 £'000 | | Notes | 2024/25 £'000 |
|---|---|-------|--------------------|
| Dealings with members, employers and other directly involved in the Fund | | | |
| (40,350) | Contributions receivable | 7 | (42,709) |
| (3,263) | Transfers in | 8 | (4,815) |
| (43,613) | | | (47,524) |
| <i>Less:</i> | | | |
| 41,066 | Benefits Payable | 9 | 46,291 |
| 6,442 | Leavers | 10 | 8,105 |
| 47,508 | | | 54,396 |
| 3,895 | Net additions/(withdrawals) from dealings with members | | 6,872 |
| 3,720 | Management Expenses | 11 | 3,147 |
| Returns on Investments | | | |
| (21,566) | Investment income | 12 | (29,681) |
| (83,808) | Change in market value of investments | 14(a) | (1,669) |
| (105,374) | Net returns on Investments | | (31,350) |
| (97,759) | Net increase/(decrease) in the Fund during the year | | (21,331) |
| (936,044) | Net Assets of the scheme at 1 April 2024 | | (1,033,803) |
| (1,033,803) | Net Assets of the scheme at 31 March 2025 | | (1,055,134) |

Net Assets Statement as at 31 March 2025

| 2023/24 £'000 | | Notes | 2024/25 £'000 |
|--------------------|--|-------|--------------------|
| (150) | Longer Term Investments | | (150) |
| (1,031,760) | Investment Assets | 13 | (1,051,098) |
| (1,031,910) | | | (1,051,248) |
| (2,182) | Current Assets | 18 | (4,330) |
| 289 | Current Liabilities | 18 | 444 |
| (1,033,803) | Net Assets of the Scheme at 31 March 2025 | | (1,055,134) |

The accounts summarise the transactions and net assets of the Pension Fund. They do not take account of liabilities to pay pensions and other benefits in the future. The actuarial present value of promised retirement benefits is disclosed at Note 21.

I certify that the Pension Fund Account and Net Assets Statement present a true and fair view of the income and expenditure in 2024/25 and the Pension Fund's financial position as at 31 March 2025.

Duncan Whitfield
Interim Corporate Director of Resources

Notes to the Pension Fund Account

1. Introduction

The Pension Fund is a funded, defined benefit occupational pension scheme set up under the Superannuation Act 1972 and is administered in accordance with the Local Government Pension Scheme (LGPS) Regulations by the London Borough of Redbridge. The scheme is a contributory defined benefit pension scheme that provides pensions and other benefits to former Council employees (except teachers, who have a separate scheme) and to various scheduled and admitted bodies.

The scheduled bodies in the scheme as at 31 March 2025 were: Chadwell Heath Academy, Mayfield School, Ilford Ursuline Academy, Little Heath School, Palmer Academy, Isaac Newton Academy, Aldborough Free School, Loxford Academy, St Aidan's Academy, Beacon Multi Academy (formerly Beal Multi Academy), Atam Academy, Winston Way Academy, Avanti Court School, Astrum Academy, Strive4 Academy, Downshall Academy, Al-Noor Academy, Good Shepherd Diocese, St Peters & St Paul's Academy and Our Lady of Lourdes Academy.

The admitted bodies in the scheme on 31 March 2025 were: Mears Limited, Vision-Redbridge Culture & Leisure, Imagine Independence Ltd, Innovate, Lewis & Graves, and Town & Country.

As at 31 March 2025 the membership of the scheme was as follows:

| 2023/24 | Active Members | 2024/25 |
|--------------|-------------------|--------------|
| 5,420 | Redbridge Council | 5,215 |
| 1,174 | Scheduled Bodies | 1,287 |
| 106 | Admitted Bodies | 90 |
| 6,700 | Total | 6,592 |

| 2023/24 | Pensioners | 2024/25 |
|--------------|-------------------|--------------|
| 4,750 | Redbridge Council | 4,958 |
| 191 | Scheduled Bodies | 172 |
| 117 | Admitted Bodies | 127 |
| 5,058 | Total | 5,257 |

| 2023/24 | Deferred Members | 2024/25 |
|--------------|-------------------|--------------|
| 8,074 | Redbridge Council | 7,303 |
| 1,224 | Scheduled Bodies | 1,169 |
| 95 | Admitted Bodies | 98 |
| 9,393 | Total | 8,570 |

The Fund is financed by contributions as well as interest, dividends and profits from realised investments. The contributions are made by active members of the Fund in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2013 and range from 5.5% to 12.5% of pensionable pay. Employee contributions are matched by employers' contributions which are set on triennial actuarial funding valuations. The funding policy is to ensure that over time the assets held by the Fund are adequate to meet future pension scheme liabilities.

Five Councillors are appointed annually by the Council to the Pension Fund Committee, which has the role

of dealing with the management of the Pension Fund's investments in accordance with regulations laid down in statute and the Fund's Investment Strategy Statement.

In line with the provisions of the Public Service Pension Act 2013 the Council has set up a Local Pension Board to oversee the governance arrangements of the Pension Fund. The Board meets quarterly and has its own Terms of Reference. The Board Members are independent of the Pension Fund Committee.

The administration of the scheme is managed in-house by the London Borough of Redbridge.

The Pension Fund's financial statements provide a stewardship report on the Fund, together with a statement of the assets position at the financial year-end.

2. Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2024/25 financial year and its position as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts of the Pension Fund have also been prepared to meet the requirements of the Local Government Pension Scheme (Administration) Regulations 2013 and in accordance with the Statement of Recommended Practice on Financial Reports of Pension Schemes.

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. The accounting requirement under International Accounting Standard (IAS) 26 is disclosed at Note 22. The Pension Fund Accounts have been prepared on a going concern basis.

The Pension Funds latest actuarial valuation as at 31 March 2022, showed it to be 99% funded, an increase of 15% from the position 3 years ago. The actuarial valuation includes the Rates and Adjustment certificate detailing contributions to the Pension Fund that participating employers are expected to make. It remains the Fund's expectation that these will be paid as planned, and to date the Fund has not received a request from participating employers to defer contribution payments.

The bid value of the Fund's investment assets as at 31 March 2025 were £1,051.248. an increase of 1.87% in the value of the Fund's investment assets since 31 March 2024.

3. Summary of Significant Accounting Policies

Fund account – revenue recognition

- A) **Contribution Income** – Normal contributions, both from 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's augmentation and pension strain contributions are accounted for in the period that the liability arises. Any amount due in year but unpaid is treated as a current financial asset.
- 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. Individual transfers in/out are accounted for when received/paid. Bulk 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.
- (ii) **Dividend Income** - Dividends have been accounted for on an accruals' basis. Investment income on overseas investments has been converted into sterling at the rate of exchange on settlement date. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current asset.
- (iii) **Distributions from pooled equity funds** – Pooled investment vehicles are accumulation funds and as such the change in market value includes income, net of withholding tax which is re-invested in the Fund.
- (iv) **Distributions from pooled property funds** – Income distributions from the pooled property fund investments have been accounted for on an accruals' basis.
- (v) **Movement in the net market value of investments** – Changes in the net market value of investments 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 incurs withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.
- F) **VAT** – As the Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. VAT receivable and payable is excluded from income and expenditure respectively.
- G) **Voluntary Scheme Pay (VSP), Mandatory Scheme Pay (MSP) and Lifetime Allowances** - Members are entitled to request the Pension Fund to pay their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.
- H) **Management Expenses** – Pension Fund management expenses are accounted for in accordance with the CIPFA guidance: Accounting for Local Government Pension Scheme Management Costs. All administrative expenses are accounted for on an accruals' basis. All staff costs of the pension's administration team are charged direct to the Fund. Management, accommodation and other overheads are apportioned to the Fund in accordance with the Council's policy.
- I) **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 appointment. Broadly, these are based on the market value of the investments under their management and therefore increase or decrease as the value of these investments change.
- J) **Oversight and Governance Costs** - The cost of obtaining investment advice from

external consultants is included in oversight and governance charges.

A proportion of the Council's costs for management time spent by officers on investment management is charged to the Fund and is included within oversight and governance costs.

Net assets statement

- K) **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 the assets are recognised by the Fund.

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 – are recorded at net market value based on their bid price.
- iii) Pooled investment vehicles – these are valued at either the closing bid price where a bid price exists or on the single unit price provided by the investment managers.
- iv) Cash – the cash held in the Pension Fund current account is invested by the Council in accordance with its Treasury Management Policy.

- L) **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 any 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.

- M) **Derivatives** – the pooled units in which the Fund invests uses derivative financial instruments to manage its exposure to specific risk arising from its investment activities.

- N) **Cash and cash equivalents** – cash comprises of cash in hand and demand deposits. 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. Cash that is invested for longer than an overnight deposit is recognised as an investment asset.

- O) **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.

- P) **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 22).

- Q) **Additional Voluntary Contributions** – AVCs are not included in the accounts which is in accordance with section 4(1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 23).

4. Critical Judgements in Applying Accounting Policies

The Pension Fund liability is calculated triennial by the appointed actuary with annual updates in the intervening years. The methodology used in the intervening years follows generally agreed guidelines and is in accordance with IAS19. These assumptions are summarised in Note 21. The estimates are sensitive to changes in the underlying assumptions underpinning the valuations.

5. Assumptions made about the future and other major sources of estimation uncertainty

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

Actuarial Present Value of Promised Retirement Benefits – The Pension Fund liability is calculated every three years by the appointed actuary, with 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 21 and 22. This estimate is subject to significant variances based on changes to the underlying assumptions.

| 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 rates 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 assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £16m. A 0.1% increase in the assumed earnings would increase the value of the liabilities by approximately £1m similarly an increase of 0.1% in the pension payments would increase the value of the liabilities by £15m. An increase in life expectancy by one year would increase the liability to the fund by £38m. |

Unquoted Investments

The Fund's assets include investments in unquoted assets such as property and infrastructure on a pooled basis. These assets are valued by the investment managers at fair value in accordance with relevant industry standards and guidelines. Managers may use comparable market data, indices and data from third parties as well as projected revenue to determine the fair value of these assets. As such, there is a degree of estimation involved in these valuations.

The total value of unlisted investments in the financial statements is £161.626m (£122.973m in 2023/24) and is broken down as follows:

| | |
|-----------------|----------|
| Property | £57.492m |
| Infrastructure | £76.476m |
| UK Housing | £20.713m |
| Natural Capital | £ 5.945m |

There is a risk that these investments may be under or overstated in the accounts.

6. Events after the Year End Date

There have been no events since 31 March 2025 and up to the date when these accounts were authorised that require any adjustment to these accounts.

7. Contributions Receivable

Contributions represent those amounts receivable from the various employing bodies in respect of their own contributions and those of their contributing employees. Under the provisions of the scheme, employees' rates are based on pay bandings and range from 5.5% to 12.5% of pensionable pay. The Fund's Actuary determines employer contribution rates (as a percentage of pensionable pay) which currently range from 13.0% to 35.3% plus any additional lump sum contributions required in respect of funding shortfalls at the time of the triennial actuarial valuation.

Early retirement - All capital costs, such as employee and employer contributions foregone, and the cost of making pension payments early in respect of non-ill-health early retirements, are met by the employer that approved the early retirement.

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|-----------------------------|------------------|
| Employers | | |
| 24,991 | London Borough of Redbridge | 26,535 |
| 4,256 | Scheduled Bodies | 4,607 |
| 918 | Admitted Bodies | 834 |
| 30,165 | | 31,976 |
| Members | | |
| 8,610 | London Borough of Redbridge | 9,062 |
| 1,338 | Scheduled Bodies | 1,444 |
| 237 | Admitted Bodies | 227 |
| 10,185 | | 10,733 |
| 40,350 | | 42,709 |

Contributions split between normal, deficit funding and augmentation are outlined below:

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|----------------------------------|------------------|
| 29,610 | Normal Employer Contributions | 31,225 |
| 311 | Deficit Payments | 418 |
| 244 | Augmentation (Early Retirements) | 333 |
| 30,165 | | 31,976 |

8. Transfers In

Sums received for scheme members from other pension schemes that relate to periods of previous pensionable employment.

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|---|------------------|
| 3,263 | Individual Transfers from other schemes – London Borough of Redbridge | 4,815 |
| 3,263 | | 4,815 |

9. Benefits Payable

Benefits are provided in accordance with the provisions of the Local Government Pension Scheme regulations.

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|--|------------------|
| 34,322 | Pensions | 37,305 |
| 5,728 | Commutation of Pensions and Lump Sum Retirement Benefits | 7,481 |
| 852 | Lump Sum Death Benefit | 1,321 |
| 164 | Interest | 184 |
| 41,066 | | 46,291 |

| 2023/24 £'000 | By Employer | 2024/25 £'000 |
|------------------|-----------------------------|------------------|
| 38,890 | London Borough of Redbridge | 43,449 |
| 1,120 | Scheduled Bodies | 1,356 |
| 1,056 | Admitted Bodies | 1,486 |
| 41,066 | | 46,291 |

10. Payments to and on Account of Leavers

Regulations permit a refund of employee contributions to be made to new members with less than two years initial scheme membership. Individual transfers are payments of accrued pension benefits in respect of scheme members who have left the scheme and joined a pension scheme elsewhere.

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|---------------------------------------|------------------|
| 55 | Refunds to members | 113 |
| 6,387 | Individual Transfers to other Schemes | 7,993 |
| 6,442 | | 8,106 |

11. Management Expenses

The table below shows a breakdown of the management expenses incurred during the year. The London Borough of Redbridge carries out the administrative function in-house.

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|--------------------------------|------------------|
| 984 | Administrative Costs | 862 |
| 2,450 | Investment Management Expenses | 2,052 |
| 193 | Oversight and Governance | 177 |
| 93 | Audit Fees | 55 |
| 3,720 | | 3,146 |

11(a). Investment Management Expenses

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|---------------------|------------------|
| 2,427 | Management Fees | 2,037 |
| 23 | Direct Custody Fees | 15 |
| 2,450 | | 2,052 |

| 2023/24 | | | 2024/25 | | |
|---|--|----------------|---|--|----------------|
| Pooled Units outside of LCIV £'000 | Pooled Units through LCIV £'000 | Total £'000 | Pooled Units outside of LCIV £'000 | Pooled Units through LCIV £'000 | Total £'000 |
| 315 | 1,940 | 2,255 | 572 | 1,150 | 1,722 |
| 23 | 50 | 73 | 15 | 61 | 76 |
| - | 122 | 122 | - | 199 | 199 |
| - | - | - | - | 55 | 55 |
| 338 | 2,112 | 2,450 | 587 | 1,465 | 2,052 |

12. Investment Income

Interest, dividends and other income shown in the Fund Account have been broken down as follows:

| 2023/24 £'000 | | 2024/25 £'000 |
|------------------|-----------------------------|------------------|
| 17,950 | Pooled Investments Vehicles | 26,470 |
| 3,010 | Property Unit Trusts | 2,911 |
| 602 | Cash | 295 |
| 4 | Other Investment Income | 5 |
| 21,566 | | 29,681 |

13. Investments

The table below shows the Fund's investments by asset class:

| 2023/24 £'000 | | 2024/25 £'000 |
|-------------------|--------------------------------|------------------|
| Investment Assets | | |
| 957,558 | Pooled Investments | 978,786 |
| 68,641 | Pooled Property Investments | 69,786 |
| 5,711 | Cash Deposits | 2,675 |
| 1,031,910 | Total Investment Assets | 1,051,247 |

There are no investment liabilities.

The table below shows a detailed analysis of the investments held by the Fund as at 31 March 2025 with a comparison table showing detailed analysis of the investments held by the Fund as at 31 March 2024.

| 2024/25 | Value at 31/03/24 £'000 | Purchases at cost £'000 | Sales proceeds £'000 | Change in fair value £'000 | Cash movement £'000 | Value at 31/03/25 £'000 |
|-----------------------|--|--|-------------------------------------|---|------------------------------------|--|
| Pooled Equity Unit | | | | | | |
| Trusts | 957,408 | 35,306 | (16,600) | 2,522 | - | 978,636 |
| London CIV | 150 | - | - | - | - | 150 |
| Property Unit | | | | | | |
| Trusts | 68,641 | 1,998 | - | (852) | - | 69,786 |
| | 1,026,199 | 37,304 | (16,600) | 1,670 | - | 1,048,572 |
| Other Balances | | | | | | |
| Cash Deposits | 5,711 | - | - | - | (3,036) | 2,675 |
| | 1,031,910 | 37,304 | (16,600) | 1,670 | (3,036) | 1,051,247 |

| 2023/24 | Value at 31/03/23 £'000 | Purchases at cost £'000 | Sales proceeds £'000 | Change in fair value £'000 | Cash movement £'000 | Value at 31/03/24 £'000 |
|-----------------------|--|--|-------------------------------------|---|------------------------------------|--|
| Pooled Equity Unit | | | | | | |
| Trusts | 858,666 | 175,890 | (166,719) | 89,571 | - | 957,408 |
| London CIV | 150 | - | - | - | - | 150 |
| Property Unit | | | | | | |
| Trusts | 72,054 | 2,350 | - | (5,763) | - | 68,641 |
| | 930,870 | 178,240 | (166,719) | 83,808 | - | 1,026,199 |
| Other Balances | | | | | | |
| Cash Deposits | 830 | - | - | - | 4,881 | 5,711 |
| | 931,700 | 178,240 | (166,719) | 83,808 | 4,881 | 1,031,910 |

The change in fair value of investments during the year comprises all increases and decreases in the value of investments held at any time during the year, including profits and losses realised on sales of investments and changes in the sterling value of assets caused by changes in exchange rates. In the case of the pooled investment vehicles changes in market value also includes income, net of withholding tax, which is reinvested in the Fund.

As a result of the Fund's investments in pooled investment vehicles the Fund did not incur any direct transaction costs, such as broker fees and taxes. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund.

As shareholders of the London LGPS CIV Ltd (the organisation set up to run pooled LGPS investments in London), the Fund has purchased £0.150m of regulatory capital.

A summary of individual investments exceeding 5% of the Fund's total net assets is set out below:

| Investment | 2024/25 | % of Net Assets |
|---|---------|-----------------|
| UK Equity Index Unit Trust | 101,592 | 9.66 |
| All World (ex UK) Equity Index Unit Trust | 62,973 | 5.99 |
| Low Carbon Equity Index Unit Trust | 233,349 | 22.20 |
| Global Equity Fund | 156,088 | 14.85 |
| Index Linked Bond Fund | 52,477 | 4.99 |
| Multi-Asset Credit | 73,224 | 6.97 |
| Buy & Maintain Long Dated Bonds | 88,577 | 8.43 |
| Real Estate Long Income Fund | 57,492 | 5.47 |
| Infrastructure Fund | 76,476 | 7.27 |
| Schroder Property Fund | 69,786 | 6.64 |

13(a) Investments – Fund Management

On 31 March 2025, the fair value of assets under management was £1,048.572m. The Fund has undertaken work in conjunction with the Fund's external adviser to implement a long-term strategy to match the objective of being fully funded in the longer term. The structure of the Fund resulted in a strategic benchmark of 75% equities (including property and cash) and 25% bonds. As set out in the Pension Fund's Investment Strategy Statement, the asset allocation may be varied and rebalancing may be suspended at the discretion of the Pension Fund Committee.

The Tables below shows details of the investment mandates analysed between those invested managed by the pool and those outside of the pooled arrangement:

| 2023/24 £'000 | % of Portfolio | Manager | Mandate | 2024/25 £'000 | % of Portfolio | Strategic Asset Allocation % |
|--|----------------|-----------------|---------------------------|------------------|----------------|---------------------------------|
| Investments managed by Pool | | | | | | |
| 161,422 | 15.64 | Baillie Gifford | Global Equities | 156,088 | 14.8 | 15.00 |
| 65,150 | 6.31 | Stepstone | Infrastructure | 76,476 | 7.3 | 7.50 |
| 57,823 | 5.60 | Aviva | Real Estate Long Income | 57,492 | 5.5 | 7.50 |
| 95,080 | 9.22 | LGIM | UK Equities | 101,592 | 9.7 | 5.00 |
| 77,622 | 7.52 | LGIM | Global Equities – ex UK | 62,973 | 6.0 | - |
| 223,664 | 21.68 | LGIM | Low Carbon Equities | 233,350 | 22.1 | 20.00 |
| 97,131 | 9.41 | Insight | Buy & Maintain Bonds | 88,577 | 8.4 | 10.00 |
| 72,933 | 7.07 | Pimco & CQS | Multi-Asset Credit | 73,224 | 7.0 | 7.50 |
| 159 | 0.02 | CRBE & Octopus | UK Housing Fund | 20,713 | 2.0 | 5.00 |
| - | - | | Nature Based Fund | 5,945 | 0.6 | 2.50 |
| 59,023 | 5.72 | LGIM | Index Linked Gilts | 52,477 | 5.0 | 7.50 |
| 910,007 | 88.19 | | | 928,907 | 88.40 | 87.50 |
| Investments managed outside of Pool | | | | | | |
| 47,401 | 4.59 | Schroders | Emerging Markets Equities | 49,729 | 4.7 | 5.00 |
| 68,641 | 6.65 | Schroders | Property | 69,786 | 6.6 | 7.50 |
| 5,861 | 0.57 | Cash inc LCIV | | 2,825 | 0.3 | - |
| 121,903 | 11.81 | | | 122,340 | 11.60 | 12.50 |
| 1,031,910 | 100.00 | | Total | 1,051,247 | 100.00 | 100.00 |

14. Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the fair value amounts of financial assets and liabilities by category and net asset statement heading. No financial assets were reclassified during the accounting period.

| Designated as fair value through profit & loss £'000 | 2023/24 | | | Designated as fair value through profit & loss £'000 | 2024/25 | | |
|--|-----------------------------------|--|------------------------------|--|-----------------------------------|--|--|
| | Loans and Receivables £'000 | Financial Liabilities at amortised cost £'000 | | | Loans and Receivables £'000 | Financial Liabilities at amortised cost £'000 | |
| | | | | | | | |
| Financial Assets | | | | | | | |
| 957,558 | - | - | Pooled Investment | 978,787 | - | - | |
| 68,641 | - | - | Pooled Property - Investment | 69,786 | - | - | |
| 5,711 | - | - | Cash | 2,675 | 2,786 | - | |
| - | 1,351 | - | Sundry Debtor | - | 793 | - | |
| 1,031,910 | 1,351 | - | Total | 1,051,248 | 3,579 | - | |
| Financial Liabilities | | | | | | | |
| - | - | - | Creditors | - | - | - | |
| 1,031,910 | 1,351 | - | Total | 1,051,248 | 3,579 | - | |
| 1,033,261 | | Grand Total | | | 1,054,827 | | |

14 (a) Net Gains and Losses on Financial Instruments

| 2023/24 | Financial Assets | 2024/25 |
|----------------|----------------------------------|----------------|
| £'000 | | £'000 |
| 83,808 | Fair value through profit & loss | 1,669 |
| 83,808 | Total | 1,669 |

14 (b) Fair Values of Financial Instruments and Liabilities

The following table summarises the fair values of the financial assets and financial liabilities by class of instrument.

| 2023/24 | | 2024/25 |
|-------------------------|------------------------------------|-------------------|
| Fair Value | | Fair Value |
| £'000 | | £'000 |
| Financial Assets | | |
| 1,031,910 | Fair value through profit & loss | 1,051,248 |
| 1,351 | Loans and Receivables | 3,579 |
| 1,033,261 | Total Financial Assets | 1,054,827 |
| - | Total Financial Liabilities | - |
| 1,033,261 | | 1,054,827 |

15. Fair Value – Basis of Valuation

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

| Description of Asset | Valuation Hierarchy | Basis of Valuation | Observable and unobservable | Key Sensitivities affecting the valuations provided |
|--|---------------------|---|--|---|
| Cash | Level 1 | All cash is reported in Sterling | Not Required | Not required |
| Pooled LCIV - ACS | Level 2 | Quoted investments are valued at mid-market value as at the close of business on the last working day of the relevant period | Evaluated Price Feeds | Not required |
| | | Unquoted investments or if a quotation is not available at the time of valuation, the fair value shall be estimated on the basis of the probable realisation value of the investment | | |
| | | Collective investment schemes are valued at quoted bid prices for dual priced funds and at quoted prices for single prices funds, on the last business day of the relevant period. | | |
| Unquoted Infrastructure Managed Funds | Level 3 | The Fair Value of the investments has been determined using valuation techniques appropriate to each investment. These techniques include discounted cash flow analysis and comparable transaction multiples in accordance with the International Private Equity and Venture Capital Valuation Guidelines | Significant unobservable inputs and observable inflation | Valuations could be affected by material events occurring between the date of the financial statements provide and the pension fund's own reporting date, by changes to the expected cashflow and by any differences between audited and unaudited accounts |
| Pooled Investments - Real Estate Funds | Level 3 | Closing bid price where bid and offer prices are published. Closing single price where single price published | NAV-based pricing set on a forward pricing basis | Significant changes in rental growth, vacancy levels or the discounted rate could affect valuations as could more general changes to market prices |

Level 1

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

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available, for example where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine the fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input could have a significant effect on the instruments' valuation is not based on an observable market data.

15 (a) Fair Value Hierarchy

The table below provides analysis of the assets and liabilities of the pension fund allocated into levels 1 to 3 based on the level at which fair value is observed.

| 2023/24 | | | | 2024/25 | | | | |
|-----------------------|------------------|------------------|----------------|---|------------------|------------------|------------------|----------------|
| Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 | | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
| Financial Assets | | | | | | | | |
| 5,711 | 902,917 | 123,282 | 1,031,910 | Financial assets at fair value through profit & loss | 2,675 | 887,797 | 160,776 | 1,051,248 |
| - | - | - | - | Financial Assets at amortised cost | - | - | - | - |
| 5,711 | 902,917 | 123,282 | 1,031,910 | Total Financial Assets | 2,675 | 887,797 | 160,776 | 1,051,248 |
| Financial Liabilities | | | | | | | | |
| - | - | - | - | Financial liabilities at fair value through profit & loss | - | - | - | - |
| - | - | - | - | Financial liabilities at amortised cost | - | - | - | - |
| - | - | - | - | Total Financial Liabilities | - | - | - | - |
| | | | | | | | | |
| 5,711 | 902,917 | 123,282 | 1,031,910 | Net Financial Assets | 2,675 | 887,797 | 160,776 | 1,051,248 |

15 (b) Reconciliation of Fair Value Measurements within Level 3

| | London CIV | UK Housing | Infrastructure | Real Estate Long Income | Natural Capital | Total |
|-------------------------------|-----------------------|-----------------------|-----------------------|--|----------------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Value at 31 March 2024 | 150 | 159 | 65,150 | 57,823 | - | 123,282 |
| Purchases | - | 20,688 | 8,093 | - | 6,525 | 35,306 |
| Unrealised profit and (loss) | - | (134) | 3,233 | (331) | (580) | 2,188 |
| Value at 31 March 2025 | 150 | 20,713 | 76,476 | 57,492 | 5,945 | 160,776 |

16. Nature and Extent of Risks arising from Financial Instruments

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the Fund's forecast cash-flows. The Council manages these investment risks as part of its overall Pension Fund risk management programme.

Market Risks

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 sector and individual securities. To mitigate market risk, the Council and the Fund's investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

Other Price Risk

Other price risk represents the risk that the value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency), 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 Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments, and other financial instruments are monitored by the Council to ensure it is within limits specified in the Fund's investment strategy.

Other Price Risk – Sensitivity Analysis

The following table demonstrates the change in the net assets available to pay benefits if the market price were to increase or decrease by 10%.

Price Risk:

| Asset Type | Value £'000 | Value on Increase £'000 | Value on Decrease £'000 |
|--------------------------|------------------------|------------------------------------|------------------------------------|
| Level 2 Assets | | | |
| UK Equities | 101,592 | 111,751 | 91,432 |
| Overseas/Global Equities | 502,141 | 552,355 | 451,926 |
| Index Linked Gilts | 52,477 | 57,724 | 47,229 |
| Buy & Maintained Bonds | 88,577 | 97,435 | 79,720 |
| Multi-Asset Credit | 73,224 | 80,546 | 65,901 |
| Property | 69,786 | 76,765 | 62,808 |
| Level 3 Assets | | | |
| Infrastructure | 76,476 | 84,124 | 68,829 |
| Real Estate Long Income | 57,492 | 63,241 | 51,743 |
| UK Housing | 20,713 | 22,784 | 18,641 |
| Natural Capital | 5,945 | 6,540 | 5,351 |

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 base currency of the fund, i.e. pounds sterling.

The following table shows the change in value of these assets had there been a 10% strengthening/weakening of the pound against the various currencies:

Currency Risk (by asset class):

| Asset Type | Value £'000 | Value on Increase £'000 | Value on Decrease £'000 |
|-----------------------|------------------------|------------------------------------|------------------------------------|
| Level 2 Assets | | | |
| Overseas Equities | 502,141 | 552,355 | 451,926 |

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.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

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.

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.

The Pension Fund has immediate access to its cash holdings that are invested by the Council. The levels of cash held are reviewed by the Council as part of the periodic cashflow forecasting and form part of the Fund's investment strategy. The Fund's investment strategy ensures that the majority of the Fund is invested in assets that can be sold at short notice to avoid any liquidity risk.

17. Investment Strategy Statement

The Council is required by Regulation to prepare and publish an Investment Strategy Statement (ISS). This Statement sets out the Fund's policy on a range of matters relating to the investments and management of the Pension Fund and is regularly reviewed and updated. A copy of the ISS can be found on the Council's website www.redbridge.gov.uk.

18. Current Assets and Liabilities

| 2023/24 £'000 | 2024/25 £'000 |
|---|------------------|
| - Cash at Bank | 2,786 |
| 588 Contributions due | 449 |
| 1,350 Sundry debtors | 792 |
| 244 Prepaid expenses | 304 |
| 2,182 Total of Current Assets | 4,331 |
| (68) Accrued benefits | (25) |
| (221) Accrued expenses | (419) |
| - Sundry creditors | - |
| (289) Total of Current Liabilities | (444) |

19. Stock Lending

The Fund does not participate in stock lending arrangements.

20. Related Party Transactions

The London Borough of Redbridge is the single largest employer of members in the Pension Fund and contributed £26.534m to the Fund in 2024/25 (£24.992m in 2023/24).

During the year no Councillors or Chief Officers with direct responsibility for Pension Fund issues have undertaken any declarable transactions with the Pension Fund, other than the following.

- Administrative services undertaken by the Council to the Pension Fund were £0.535m (£0.535m in 2023/24).
- Investment services undertaken by the Council to the Pension Fund were £0.122m (£0.122m in 2023/24).

Each member of the Pension Fund Committee is required to disclose their interest at each meeting. The key management personnel of the Pension Fund are the members of the Pension Fund Committee and the Corporate Director of Resources.

21. Actuarial Valuation

In 2024/25, the contribution rate paid by the Council as an employer was determined following an actuarial valuation of the Fund of 31 March 2022.

The valuation of 31 March 2022 set the employer's contribution rates for the years 2023/24, 2024/25 and

2025/26. The actuarial method used by the Actuary is known as the “projected unit method”. The key feature of this method is that in assessing the future service cost, the Actuary calculates the contribution rate, which meets the cost of benefits accruing in the year after the valuation date. This is the same method adopted at the previous valuation and is an appropriate method for a fund which is open to new members.

For this valuation the Actuary adopted a market value approach whereby assets were valued initially on a market value basis and liability assumptions were derived from gilt yields. Those assumptions which have the most significant effect on the results of the valuation are:

| Assumption | Rate |
|--|------|
| The rate of increase in pensionable earnings | 2.7% |
| "Gilt-based" discount rate | 4.3% |
| The level of increase in earnings growth | 2.7% |

The result of the 2022 valuation was that the value of the Fund’s assets was actuarially assessed as £1.010m, which was sufficient to meet 99% of its accrued liabilities. The employer’s contribution rate required as a result of the valuation incorporates a phased increase in the balance of the Fund to meet 100% of future benefit liabilities, as required by Pension Fund regulations. As a result of the 2022 valuation, those employers within the Fund that have funding shortfalls are required to make repayments over an agreed period in accordance with the policies set out in the Pension Fund’s Funding Strategy Statement (available on the Council’s website www.redbridge.gov.uk) and certified by the Actuary in the Actuarial Valuation Report. The new employer contribution rates and shortfall payments commenced from 1 April 2023.

22. Actuarial Present Value of Promised Retirement Benefits

The Fund’s Actuary prepares reports for the purposes of IAS19 for the Council and other employers participating in the Pension Fund upon request. Further information pertaining to the Council is included at note 37 of the Notes to the Core Financial Statements.

The Actuary has calculated that the liabilities at 31 March 2025 for the entire Fund comprises of:

| 2023/24 Liability £m | Type of Member | 2024/25 Liability £m |
|----------------------------|------------------|----------------------------|
| 400 | Employees | 363 |
| 243 | Deferred Members | 200 |
| 455 | Pensioners | 394 |
| 1,098 | Total | 957 |

The net liability of the Fund in relation to the actuarial present value of promised retirement benefits and the net assets available to fund these benefits is as follows (based upon IAS26 information).

| 2023/24 £m | | 2024/25 £m |
|---------------|---|---------------|
| (1,098) | Present value of funded obligations | (957) |
| 1,034 | Fair value of Fund Assets (BID Value) | 1,055 |
| (64) | Net Liability for the whole Fund | 98 |

These calculations have been determined using the following financial assumptions:

| 2023/24 | | 2024/25 |
|----------------|-----------------------------------|----------------|
| % p.a. | | % p.a. |
| 2.80 | Inflation / Pension Increase Rate | 2.70 |
| 2.80 | Salary Increase Rate | 2.70 |
| 4.80 | Discount Rate | 4.30 |

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correction actuarial confirmation. The judgement has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact on the assessed actuarial present value of promised retirement benefits under IAS26, or if it can be reliably estimated. As a result, the Redbridge Pension Fund does consider it necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the actuarial present value of promised retirement benefits in its financial statements.

23. Additional Voluntary Contributions (AVC's)

The Council has a statutory obligation to provide an additional voluntary contribution (AVC) facility. This facility provides the means for members of the Pension Fund to pay contributions into a policy, which will be used to buy additional pension benefits when the member retires. A total of one hundred and forty-eight members of the Pension Fund contribute to the AVC schemes. In 2024/25 £611,513 of contributions deductions were made in respect of the AVC Scheme (£430,970 in 2023/24).

| Market Value | | Market Value |
|---------------------|---|---------------------|
| 2023/24 | AVC Provider | 2024/25 |
| £'000 | | £'000 |
| 162 | Utmost Pensions (formerly Equitable Life) | 145 |
| 668 | Clerical Medical | 857 |
| 462 | Standard Life | 658 |
| 1,292 | Total | 1,660 |

The Council, as employer, does not make any contribution to the AVC scheme and these funds do not form part of the Council's Pension Fund accounts.

24. Contractual Commitments

The Fund has committed £70m into the Step-stone Infrastructure Fund. Of this commitment £6.490m was outstanding on 31 March 2025.

The Fund also has committed £48m into the UK Housing Fund. Of this commitment £27.081m was outstanding on 31 March 2025.

The Fund also has committed £30m into the Nature Based Fund. Of this commitment £23.475m was outstanding on 31 March 2025.

Annual Governance Statement 2024/25

Introduction and acknowledgement of responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. To achieve this the Council must ensure that it has a governance framework that supports a culture of transparent decision making. Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Amendment) Regulations 2021, require the council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.

The principles of good governance

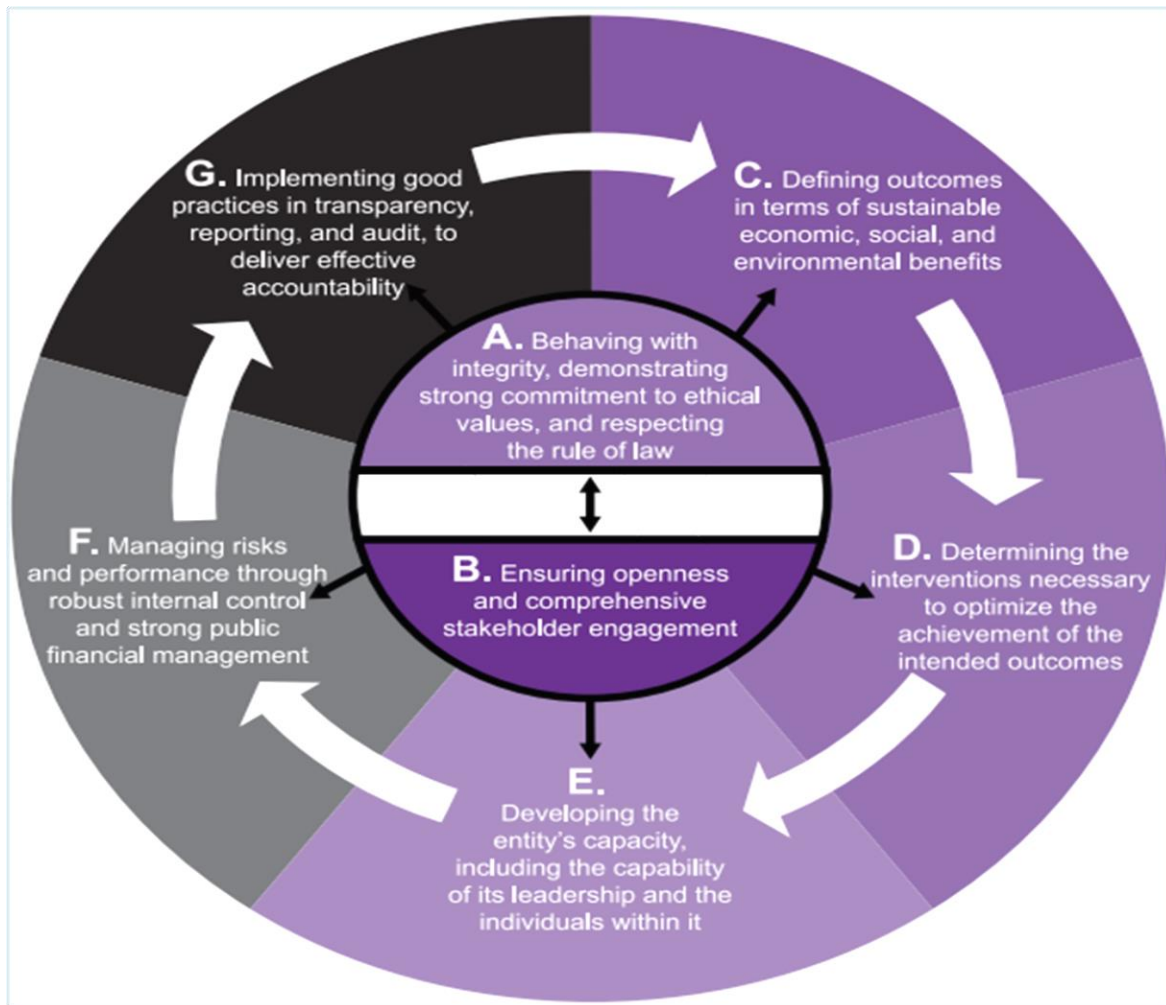
The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Delivering Good Governance in Local Government Framework (2016) (the Framework) requires local authorities to publish an Annual Governance Statement, and to be responsible for ensuring that:

- Their business is conducted in accordance with all relevant laws and regulations.
- Public money is safeguarded and properly accounted for
- Resources are used economically, efficiently, and effectively to achieve agreed priorities which benefit local people.

This report provides detail and commentary on the design and the operating effectiveness of the governance arrangements put in place by the Council to ensure the above.

The importance of awareness of and strengthening of governance arrangements following the significant and high-profile issues in some local authorities in the recent past. For good governance to function well, CIPFA highlight the need for organisations to encourage and facilitate a high level of robust internal challenge through strengthening audit committees and internal challenge.

The core principles of good governance per the CIPFA/SOLACE framework



Overview of the governance framework and responsibilities for good governance

| | |
|--|---|
| <p>Council, Cabinet and Leader</p> <ul style="list-style-type: none"> • Provide leadership, approve the budget, develop and set policy. • Approve the constitution which sets out how the council operates Agree council delivery plan priorities, developed in consultation with residents and stakeholders | <p>Scrutiny and review</p> <ul style="list-style-type: none"> • Scrutiny commissions review council policy and can challenge decisions. • Governance and Assurance Committee reviews governance and promotes and maintains high standards of conduct by councillors. |
| <p>Decision making</p> <ul style="list-style-type: none"> • All decisions made in compliance with law and council constitution Meetings are held in public. • Decisions are recorded on the council website. | <p>Risk Management</p> <ul style="list-style-type: none"> • Risk management strategy ensures proper management of risks. • Departmental risk registers identify both strategic and operational risks. • Departmental risks are reviewed by the Head of Paid Service, s151 Officer, and Monitoring Officer to confirm the top strategic risks impacting on the Council and to assess mitigations available to offset these risks for agreement by ELT. |
| <p style="text-align: center;">Executive Leadership Team</p> <ul style="list-style-type: none"> • Head of Paid Service is the Chief Executive and is responsible for all Council staff and leading an effective Executive Leadership Team • The Monitoring Officer is the statutory officer responsible for the legal governance of a local authority, including the Constitution. They have a legal duty to ensure councils fulfil statutory obligations and apply their codes of conduct. This includes investigating and reporting on anything the authority does that has the potential to be illegal or any action that might count as maladministration. • S151 Officer The officer responsible for the proper administration of the local authority's financial affairs under section 151 Local Government Act 1972. • Other statutory officers as required by law including the Data Protection Officer, Director of Adult Social Services, Director of Public Health | |

Constitution and Committees

Role of Full Council

The Full Council is responsible for approving the budget, developing policies, making constitutional decisions and deciding local legislation. Full Council elects the Leader, and the Leader appoints a cabinet (including him/herself), each holding a special portfolio of responsibility. The Leader, Councillor Kam Rai was appointed in July 2024.

Role of Cabinet

The Cabinet is the Council's principal, executive decision-making body. The Cabinet as Executive carries out all the local authority's functions which are not the responsibility of any other part of the local authority, whether by law or under this Constitution. The Cabinet is responsible for implementing the agreed Budget and Policy Framework and for developing proposals in accordance with the Budget and Policy Framework. The Cabinet are accountable to the public and are the ambassadors for our work in improving Redbridge. They are responsible for the political leadership and actively make sure that the decisions made by the council are collectively politically informed.

Role of Overview and Scrutiny

The purpose of the Committee is to undertake scrutiny, contributing to the development of Council policy prior to its consideration by the Cabinet.

Its aim is to act as a "critical friend" and to challenge where necessary with a view to shape policy. The Committee will act as the scrutiny committee, agreeing an annual scrutiny forward plan and setting up any necessary working groups and/or allocating cross cutting pieces of scrutiny across the Policy Development Committees. The Committee will monitor responses to petitions and deputations submitted to the Council. The Committee is also responsible for developing and agreeing a Scrutiny Annual Report for submission to Council.

Policy Development Committees

The purpose of each Policy Development Committee (PDC) is as set out more specifically below but in general terms the aim is to consider how policy could be improved based on evidence and data and to convey such learnings by way of narrative to the decision-making entity. Each PDC should look at the broader issues and the themes aligned to the Corporate Plan. The purpose is to be discursive, exploratory, and investigative. The PDCs will be receiving presentations as opposed to reports upon which they will engage in discussion and feedback their views and suggestions through a summary by the Chair to the relevant officer for inclusion into any report to Cabinet. Each Chair will represent their respective PDC at Overview and Scrutiny Committee (OSC) and will update their PDC following meetings as a first item on the Agenda for the PDC.

Governance and Assurance Committee

The Governance and Assurance Committee is independent and separate from scrutiny activity and includes an independent member to provide complementary expertise and experience. The Council has delegated responsibility to the Governance and Assurance Committee to:

- Review through specific references within the Annual Governance Statement, the Council's corporate governance arrangements against the CIPFA / SOLACE good practice from time to time through review of the Local Code of Corporate Governance.
- Receive required assurances regarding the design and operation of the integrated governance, risk management, and internal control frameworks.
- Based on the above, determine whether it is appropriate to approve the Annual Governance Statement and propose amendments and make comments as necessary

- Make any recommendations to Full Council as needed on proposed changes to the member code of conduct
- Adopt the annual statement of accounts
- Through its Standards Sub-Committee hear allegations of misconduct against members and to make necessary recommendations.

The committee is assessing itself using the CIPFA guidance / good practice (summarised in the graphic below). This assessment will inform an annual report to Full Council on the Committee's operational, fulfilment of Terms of Reference, and outcomes.

The Chief Executive, the Monitoring Officer, and the s151 Officer have commissioned the Centre for Governance and Scrutiny to support a full review in 2025/26 of the Constitution, including the Terms of Reference of this Committee. Any amendments will be subject to the agreement of the Governance and Assurance Committee and Full Council.



Source: Audit Committees: Practical Guidance for Local Authorities, CIPFA, 2016

Internal corporate governance structure in 2024/25

In late 2024/25 the new Chief Executive commenced a review of internal corporate governance to support the organisation's future direction and modernise and optimise its ways of working. This review is in progress and will complete in 2025/26 with new arrangements operating thereafter. The review is being overseen by the Centre for Governance and Scrutiny and coordinated by the Monitoring Officer and the s151 Officer on behalf of the Chief Executive. The work will be in at least two stages to complete during 2025/26 and will cover all aspects of the Council's Constitution including Standing Orders.

The **internal corporate governance structure** operating in 2024/25 comprised four groups focused on governance and assurance aspects and arrangements as follows:

- **Corporate Strategy Group** – This group focused on how the Council defines, and responds to, its priorities. This is the forum where strategic intentions have been discussed, refined, and agreed.
- **Corporate Performance Group** – This group focused on monitoring and managing how effectively the Council is delivering on its priorities and ensuring it is working as an effective organisation. This group has provided ongoing monitoring and challenge over performance in services, programmes, and finance.
- **Leadership Group** – This group focused on the way the Council is led and works in partnership with others. This group is key to communication, change, and delivery across the organisation and thereby is a key part of the governance framework to deliver effective consultation and engagement.
- **Corporate Assurance Group** – This group focused on receiving information and assurance over the core governance and statutory functions of the organisation that must be managed. During 2024/25 the group has received information on and assurance around core governance arrangements regarding (amongst others):
 - Risk Management
 - Information Governance
 - Resilience including Emergency Planning and Business Continuity
 - Financial Resilience
 - Health and Safety, including the actions being taken to respond to the Social Housing Regulator's notice
 - Key social care information including safeguarding
 - Contract standing orders waivers

Supporting governance boards were in place in 2024/25 to support the above and therefore further support and decision making. Each board was chaired by either the Chief Executive or a Corporate Director and were:

- **Shaping our Future programme boards** (reporting in overall to the **Corporate Performance Group** for portfolio-level reporting)
- **Land and Property Board** – to enhance governance and oversight to review, improve, develop, and oversee the Council's use of land and property assets, including developing and monitoring the capital programme
- **Change and Improvement Board** – to support change and modernisation of the organisation through a range of cross-cutting organisational programme

- **Workforce Board** to oversee all matters relating to staff development and training and culture change and arrangements for assurance over these aspects.

The role of Boards has been considered as part of the Centre for Governance and Scrutiny's review in the context of maintaining an appropriate framework for good governance and accountability

Key corporate governance features

Setting the direction: The Redbridge Plan

The overall budget and policy framework is set by Full Council, and all decisions are made within this framework. The council's overall policy is represented through the Redbridge Plan 2022 – 26.

The plan is centred on

- **Effective Ways of Working**
 - **Prevention:** How our activities and planning help to address issues at an early stage and prevent increases in demand or worse outcomes
 - **Collaboration:** How we collaborate with residents, businesses, public bodies, voluntary and community sector, and others to achieve greater results.
 - **Responsibility:** How we set out the responsibilities of the council and those of our residents, businesses, and partner
 - **One Brilliant Team:** To be able to apply these ideas we will continue our work on 'One Brilliant Team'. This means having the right values, being clear about the work we need to do and enabling the organisation to work effectively through investment in staff, managing our performance and using our resources carefully
- **Four priorities**
 - Safe and Healthy
 - Clean and Green
 - Homes and Neighbourhoods
 - Jobs and Skills

Performance, Policies, Risk and Financial Arrangements

Performance against the Redbridge Plan is monitored throughout the year through the corporate performance scorecard. Progress is reviewed quarterly by the Leader, Chief Executive and respective Cabinet members and is reported through an annual performance report at the end of each financial year. The council also monitors its performance through feedback from its residents and service users.

Flowing from the Redbridge Plan, work has commenced on strengthening and assuring the consistent 'golden thread' between strategic, operational and individual staff plans. Service plans challenge managers to demonstrate efficiency and value for money.

Budgets are developed following a robust budget challenge process, which again challenges managers to demonstrate efficiency and value for money. Work continues to further strengthen these arrangements, and these include the reset of the budget challenge setting process and timetable. Plans to introduce a new financial system to better support financial planning

The Council also has a whistleblowing policy, which encourages staff and other concerned parties to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment.

The Council expects the highest standards of conduct and personal behaviour from members and staff; and promotes and maintains high standards of conduct by both elected and co-opted members of the authority. These standards are defined and communicated through codes of conduct, protocols and

other documents. The Council will ensure that required standards are maintained and assurance of such is provided and so continue to promote high standards.

The Council's financial management arrangements conform to the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government" (2016). The chief financial officer is the Corporate Director of Resources who has statutory responsibility for the proper management of the council's finances and is a key member of the Corporate Leadership Team. The Interim Corporate Director of Resources and the Chief Executive have commissioned further work from CIPFA to confirm the Council's financial resilience arrangements. Separately the current review and work around governance will consider the schemes of delegation and management.

The Council's assurance arrangements conform to the governance requirements of the CIPFA "Statement on the Role of the Head of Internal Audit in Public Service Organisations" (2019). The Council's "chief audit executive" (the Head of Audit and Investigations) reports functionally to the Governance and Assurance Committee, which approves the Internal Audit Charter, Strategy, and Plan. The committee receives reports throughout the year on Internal Audit and Counter Fraud activity, as well as the Annual Internal Audit Report that includes the Annual Internal Audit opinion based on the outcomes of work done to assess the Council's governance, risk management and internal control arrangements.

The Council's Risk Management Strategy and Policy is designed to support effective management of the risks to the achievement of priorities, objectives, and helps decision making in support of the Council's agreed priorities and objectives and is supported by operational and strategic risk registers and was last signed off by Governance and Assurance Committee in January 2025.

The strategic risks register is updated on a quarterly basis and reviewed and agreed by the Executive Leadership Team and reported to Governance and Assurance Committee.

The Council has arrangements in place to deal with fraud and corruption. It has a Strategy and supporting policies that set out the ways in which the Council will maintain a strong anti-fraud culture and take effective action to prevent, investigate, and act where needed.

Review of effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The review of effectiveness is informed by the work of the senior managers within the council who have responsibility for the development and maintenance of governance, risk management, and the internal control arrangements, the Internal Audit Annual Report, conclusions of the external auditors, and other review agencies and inspectorates.

The key elements of the review of effectiveness are:

- The Council's internal management processes, such as performance monitoring and reporting; the staff performance appraisal framework, monitoring of policies, such as the corporate complaints and health and safety policies; and the corporate budget challenge process.
- The Director Assurance Statements completed by all Operational and Corporate Directors giving their assessment of the effectiveness of internal control and governance arrangements within their remits. This therefore provides a means to assess compliance with all core principles. The Director Assurance Statements assess that generally internal controls and governance arrangements are good or adequate. Where there are issues, management has set out the improvement actions to be taken in 2024/25.
- The work of the Internal Audit team. The Head of Audit and Investigations' 2024/25 Annual

Internal Audit Report outlines that the outcomes from the work completed in 2024/25 are more equally split between adverse and non-adverse assurance opinions than in recent years. This shows an improved direction of travel as in previous years' opinions there were many more adverse than non-adverse opinions. The number of limited assurance opinions, however, and the key areas and arrangements to which those opinions relate, and the scale of the Council's challenges means the overall opinion is of Limited Assurance. The Head of Internal Audit and Investigations' Annual Internal Audit opinion is primarily based on the outcomes of Internal Audit work and therefore does not imply all the Council's governance; risk management and internal control arrangements provide limited assurance. Limited assurance opinions issued do not all relate to governance (i.e., there were several issued regarding service-level internal control arrangements).

- Senior management has recognised and is now taking further action to improve the rate and timeliness of implementing agreed recommendations from Internal Audit reviews. In support of this, the Governance and Assurance Committee have continued to ask recommendation owners to attend meetings where their agreed actions are 12 months past the target date and further information and assurances over the action being taken to complete the action and thereby reduce risk.
- The Council Senior Management Team under the new Chief Executive has recognised the need to review and where appropriate modernise and improve its governance, to build a new environment and culture as the Council prepares for the development and agreement of its 2026-30 Redbridge Plan which will continue to have good governance at the heart of effective service delivery. There is current work through the review by the Centre for Governance and Scrutiny on corporate governance to ensure that the Council has appropriate, agile, and fit for purpose governance arrangements that are recognised and applied across the Council. Further work will be completed in 2025/26 to review the financial resilience of the Council through CIPFA. Together these represent an intent for Council officers to work more closely with peers and colleagues in other organisations to strengthen our performance and continue to develop and improve.
- The Governance and Assurance committee is independent and separate from the scrutiny function delivery through the Oversight and Scrutiny Committee and from the decision-making committees. The committee provides an oversight on a range of core governance and accountability arrangements. The committee continued to exercise effective oversight of progress being made by management taking agreed recommended actions following Internal Audit reviews. It is recognised that rates of timely implementation of recommendations must continue to be scrutinised closely and where necessary improved.
- The Governance and Assurance committee is assessing using the CIPFA good practice on Audit Committees to inform an annual report to Full Council. This will be reported to the Committee then Full Council.
- Risk management arrangements have been in place and the Governance and Assurance Committee have received information on the design and operation of risk management arrangements around strategic risks, how these were managed, and the residual risk position.
- The continued oversight of the action plan to increase compliance with the CIPFA Financial Management Code. The purpose of the code is to provide a strong financial governance. A key part of the Financial Management Code is a review of the Council's financial sustainability against the CIPFA financial resilience index which are benchmarked across other local authorities.

Other assurances that are considered

There has not been any identified instance of significant fraud that indicates significant breakdown, absence, or circumvention of internal control.

The Council has continued to take improvement action to respond to the **Notice of Improvement issued by the Regulator for Social Housing**. The issues reported to the Regulator related to Principle A around complying with the law. The Council has regularly reported the progress being made to senior management and members, as well as the Regulator. The Regulator has been satisfied the Council is taking effective action and good progress is being made. Improvement action is continuing into 2024/25, intended to culminate with a re-inspection and formal lifting of the notice.

From Regulators and inspectors including **Ofsted** and its assessments.

Other sources of positive assurance considered when compiling the Annual Governance Statement include:

- **The Monitoring Officer's annual report** to the Governance and Assurance Committee planned for July 2025
- **No Standards (Hearings) Sub-Committee meetings held in 2024/25** to hear allegations of breaches of the Member Code of Conduct. 10 Code of Conduct complaints were received in 2024/25, but none progressed to investigation (i.e., again in reference to corporate Principle A – 'Behaving with integrity etc.').
- **During 2024/25 there were not any proven cases of significant fraud** against the Council that directly indicates significant breakdown in the systems of control or governance (i.e., in reference to core Principle A (as above) and core Principle F – 'Managing risks and performance through strong internal control and financial management').
- **No objections from local electors received** (i.e., in reference to core Principle A (as above), and Principle B – 'Ensuring openness and comprehensive stakeholder engagement').
- **169 cases referred to the Local Government and Social Care Ombudsman (LGSCO) in 2024/25**. 44 were investigated of which 40 were upheld. 21 cases remain open and therefore outcomes on those are not yet confirmed. Where cases are upheld, case reviews are undertaken with the relevant service to investigate the areas of concern and formulate a plan for complying with recommended remedies. The LGSCO has reported that they recorded compliance outcomes in 31 cases and the Council achieved a 100% compliance rate with all recommendations. Lessons learnt are recorded centrally to feed into future case handling practice. This activity relates to Principles A and F as above).

Assurance statement

The review, as detailed above, provides in the view of the S151 and Monitoring Officers of good overall assurance of the Council's governance, risk management and internal control arrangements.

The Council has continued to maintain essential services for residents together with ensuring the delivery of key Council commitments. But the Council also recognises that local government's current and future challenges and risks are significant. This will require correspondingly significant action and modernisation to manage risks and adapt to the challenging operating and financial environment.

The Council has recognised it needs to modernise and improve its governance, to build a new environment and culture as the Council prepares for the development and agreement of its 2026-30 Redbridge Plan which has good governance at the heart of effective service delivery. The following are key areas for review and development:

- The new plan provides an opportunity for a reset of governance, behaviours, values and approach to support the delivery of Council services.
- Decision making processes need to be unambiguous and streamlined where possible to allow for efficient and effective operations and to ensure that decisions are taken openly and transparently at the most appropriate level, especially in respect of significant issues.

- Assurance of accountability to our local residents and other stakeholders for the delivery of Council priorities, projects, services, and the management of finance.

Governance issues

Specific opportunities for improvement in governance and internal controls identified as part of the assurance processes have been addressed, or are included, in action plans for officers.

The 2023/24 Annual Governance Statement included the following improvement actions to be taken in 2024/25 and are discussed in the subsequent paragraphs:

- Housing H&S statutory compliance and responding to the Housing Regulator
- Addressing temporary accommodation supply and demand
- Financial Governance
- Commissioning
- Emergency Planning and Resilience
- Service planning and performance management
- Health and Safety
- Workforce and organisation development
- Asset and property condition

Housing H&S statutory compliance and responding to the Housing Regulator

Progress has continued to be made in the year with continued oversight from the Housing Regulator. The regulator has been generally satisfied with the steps taken and extent of progress made.

Other assurance work in the year from an external consultancy review concluded that the governance arrangements and control environment around compliance and data quality were that positive progress was being made and recommended 20 further actions. None of the recommendations were of the consultant's highest priority rating.

Addressing temporary accommodation supply and demand pressures

This remains a significant risk for the Council. Improvement action has been ongoing but the Council's ambitious programme to reduce Temporary Accommodation costs has taken longer to implement than initially anticipated and an overspend is forecast of £14.237m at the end of Q3.

There remains high demand for housing given challenging economic environment as the cost of living continues impact on residents. Whilst inflation rates decreased in 2024/25 from the very high levels in previous years this is only a slowing rate of increase, not a reversal of the significant increases which are now built into the prices of the items that most affect most of our residents.

Work is continuing addressing supply side issues. The Council has plans to purchase and lease property for both temporary and settled accommodation to optimise supply and increase certainty and value for money.

Financial Governance

Financial sustainability remains a major corporate risk given the significant demand led pressures on high

costs services such as social care and housing. Added to this there is continued uncertainty around local government funding and inherent difficulties with planning assumptions with one-year settlements. The model in which central government funding is determined and allocated to the Council presents major challenges to the Council and therefore risk.

It is known that other local authorities, including several in London, are in severe financial distress, including up to receiving Exceptional Financial Support from central government. Therefore, the risks to local authorities' financial stability are significant and certainly possible. Exceptional Financial Support can lead to additional external assurance review and challenge of governance, process, and controls.

Senior management and the Cabinet were regularly updated on the Council's financial position at each quarter and drew attention to the significant overspends forecast and where they were occurring. Management mitigations to address the forecast overspend were set out in each report along with the progress delivering savings. The Council is on track to deliver ~90% of targeted savings in 2024/25 which is a significant achievement which has helped offset other overspending areas.

Commissioning

There has been development of a Commissioning Framework and further work is needed to embed this into day-to-day work and be assured it is occurring consistently and effectively. Major workstreams are being developed for 2025/26 to work to address demand side pressures including the role that commissioning most effectively can support this.

Emergency Planning and Resilience

Progress being made on increasing resilience. The Council moved from rating itself as "developing" (meaning improvement needed) on all 11 London Resilience Standards at the beginning of 2024/25 to only two remaining as "developing" at the end of the year. Further work is needed, in particular around being able to maintain a significant scale of response for a sustained period following an incident.

The Corporate Leadership Team received update in the year on progress being made, highlighting the progress and remaining challenges, particularly those around resourcing of response arrangements.

Internal Audit work in the year reviewed the evidence to support the progress made for several selected standards and concluded that there was sufficient evidence to support the upgraded rating.

Cyber resilience arrangements have been developed. Inherently the risk of cyber security incidents remains high and with potentially severe impacts on the running of the Council. The management team have continued to receive information and updates on the Council's arrangements and continue work on assuring our response readiness and effectiveness.

Service planning and performance management

In 2025/26 further work is underway to integrate and increasingly synchronise service planning and resource allocation processes. The funding model and one year funding model makes it difficult to plan for the medium term but part of the Council's plans to strengthen governance it is looking to extend the service planning period to align with the medium-term financial strategy period so services can shape their activity and resourcing (including growth and savings) over that period to help meet the medium-term forecast gap.

Work is ongoing to identify options and implement the new performance management system.

Health and Safety

Management information reporting on statutory compliance rates, number and nature of Health and Safety issues, and training completion rates have been reported to senior management. Work is continuing to address previous identified improvement areas around first aider and fire warden arrangements.

Workforce and organisation development

The updated One Brilliant You staff performance and development scheme was rolled out. Further work is to be taken to develop and embed assurance mechanisms to provide management with assurance whether stated scheme objectives are being achieved. Further work is to be done on workforce development to inform and prioritise development.

Asset and property condition and compliance

The Council continues to take action to develop its assurance mechanisms to survey, inspect, test, and or check the Council's properties and assets and then take action to ensure the condition and safety requirements are met. The Housing Service-related statutory compliance arrangements – reported to the Housing Regulator – have improved in year.

There will remain a focus to provide effective and timely management assurance information on compliance and more widely and over the medium term, strategically prioritise investment in a climate of constrained financial resources and costs of finance.

Key governance areas in 2025/26

The following have been highlighted key governance areas for 2025/26:

- **Stabilisation of external audit judgements:** Responding effectively to the external auditor's findings and recommendations following their disclaimed audits for the period 2021/22, 2022/23, and 2023/24. During the period of stabilisation and recovery to unqualified audits in future years, there will need to be heightened assurance to the Council's stakeholders from the statutory officers.
 - The external auditor completed limited work to rebuild assurance ahead of the 2023/24 backstop date. As a result, they could not provide assurance over brought forward balances from (i.e., those which become the following years' opening balances) and 2023/24 in-year movements and some closing balances
 - This means the external auditor was not able to conclude that the 2023/24 financial statements are free from material misstatement around expenditure and income figures within.
 - The external audit concluded also that the valuation of investment property and Property, Plant, and Equipment – Land and Buildings were not ready for audit and did not complete planned procedures. Whilst these issues reduce assurance over some reserves' balances it is important to note these do not affect the accuracy of the recorded value of the Council's usable revenue and capital reserves. The Council's financial resilience and sustainability have not been affected by these issues.
 - During the period of stabilisation and recovery to unqualified audits in future years, there will need to be heightened assurance to the Council's stakeholders from the statutory officers. This has begun with reporting to Executive Leadership Team and Governance and Assurance Committee on management's response and improvement action plan to respond to the external auditor's 2023/23 Annual Results Report.
- **Uncertainty of future funding settlements for local government and Redbridge:** There remains significant risks to the Council from the central government's funding approach and so the level of funding received, and the uncertainty caused by one-year financial settlements. A return to multi-year settlements will aid financial planning assumptions over the medium term.

- National and global economy: The above issues along with macroeconomic instability and the continued cost of living pressures on our residents represents significant corporate-level risk to the financial resilience of the Council.
- Review of strategic asset base: A review has been commissioned to ensure our assets are fully utilised, managed strategically, support operational service delivery, provide value for money, contribute to regeneration and growth, are fit for purpose, modern and safe for service users and staff.
- Resourcing of significant capital projects: A range of options will need to be developed and analysed to determine the optimum way forward for major and complex capital projects and regeneration.
- Social care pressures: The Council has highly dependent and integrated relationships with the health sector. The health sector, under its own considerable financial pressures and organisational challenges, is going through major reforms which could affect its processes, activity levels and outcomes. These could in turn could impact significantly on the Council in terms of demand for its services and costs thereof. The Council needs to maintain excellent relationships with the health sector through its times of change to ensure there is effective communication, coordination, and continuation of funding to maintain the current ways of working and influence how decisions that could impact on the Council and residents are made. The Executive Director of People has commissioned a review of the Section 75 Agreement to ensure it remains fit for purpose. National-level reform of social care remains stalled.
- External partners: Restrictions or limitations imposed on critical partners (e.g., MPS, third sector) providing support to Redbridge resulting in the third parties not performing their responsibilities to an adequate level.
- National housing crisis: Tackling high spend areas such as on temporary accommodation which is in high demand but also where there are constrained and, in some respects, inefficient markets. This makes achievement, and demonstration, of value for money challenging.
- Protecting the most vulnerable: Like the above, recent reforms to the national welfare system are significant and could have the potential to impact on demand for Council services and finances.
- Good governance: The Council is undertaking a fundamental review of its corporate governance arrangements supported by the Centre for Governance and Scrutiny. This will result in a revamped Constitution (including Financial Standing Orders and Contract Standing Orders) and streamlined and strengthened decision making processes. This work is in progress and will continue in 2025/26 to enhance and optimise governance to support the Council's modernisation and change agenda.
- Commercial relationships: The Council needs to continue to enhance its commissioning and contract and supplier relationship arrangements to maximise value and outcomes from third party spend, and to assure continuity in the event of a failure of any major contract.
- Cyber security: the public sector remains particularly vulnerable to cyber-attacks and the Council will need to use all available measures to protect itself against malicious actors, to ensure that the workforce and third-party contractors are fully aware of the threat, and to maintain robust business continuity arrangements and mitigate any risk effectively.
- Workforce: The Council needs to assure itself that at all times the workforce has sufficient capability and capacity to perform all statutory duties to a minimum standard and need strategies in place to ensure these requirements are satisfied at a time when markets are under pressure for trained and experienced personnel.

Areas of special focus that will continue into the medium term beyond 2025/26

The Council also faces several areas of significant change that will require consideration and action as appropriate starting in 2025/26 and continue through into the medium-term particularly given macroeconomic outlook and impacts on local government funding.

Significant issues identified include:

- Continuing managing the demand for services and within taking steps that as far as possible that mitigate acuteness and costs of demand, in particular housing and social care.
- Balancing the need for investment over the short, medium long-term ensuring compliance with statutory and regulatory requirements in a climate of constrained by financial and human resources and the availability of costs of finance.
- Developing a plan and mechanism for the supply of Temporary Accommodation and social and private housing through all available sources.
- Continuing to modernise and transform the Council's ways of working, developing the workforce that is resilient and fit for the future to satisfy the ambitions of the new Redbridge Plan 2026-30.
- For the Council to confirm the future strategy for asset management to encourage local growth and the regeneration of places and spaces and to support Council priorities for service delivery using the full range of partnership and financing opportunities that are available.
- Together with key strategic partners and the voluntary and community sector to concentrate on providing protection to the Council's most vulnerable residents.
- External audit recovery will continue into the medium term and the unwinding of the years of disclaimed opinions and the resultant limitations in assurance from the auditors on the financial statements.

Conclusion

The Council has been hugely impacted by instability in the economy, financing of local government, unprecedented increases in demand, and the ongoing cost of living crisis.

Governance arrangements have again been tested and supported the Council to continue maintain its critical day to day services on which our residents most rely.

The Council however faces significant and now entrenched challenges which require it to change, modernise, and adapt to the new realities of local government. The Council's governance arrangement will play a critical role to underpin and provide assurance over updated, agile, and more effective ways of working and therefore will need improvement. This work has started and will continue into 2025/26.

Section 5: Improvement actions for 2025/26

Based on the above, the following are the key improvement actions to be taken in 2025/26.

| | Governance area | Action to be taken in 2025/26 | Lead Officer | Target date |
|---|-------------------------------------|---|--|----------------------------|
| 1 | Renew the risk management framework | <p>Check and renew the organisation's understanding of, and appetite for, risk.</p> <p>Revise the risk management framework to be more holistic, covering areas such as reputational risk.</p> <p>Put in place more proportionate escalation arrangements for ELT and Cabinet.</p> <p>Put in place learning and development for members and officers targeted to their roles within the risk management framework, and supportive of officers to take responsibility for their own services and ownership of risks.</p> | Operational Director of Finance | 31 March 2026 |
| 2 | Put in place a new policy framework | <p>Complete action already underway to create a consistent policy framework to anchor policy development across the organisation.</p> <p>Create a "thinking framework" or toolkit to support officers to understand their role in the policy development process as leaders, focusing on key governance principles</p> | Executive Director of Strategy | 31 March 2026 |
| 3 | Further understanding local needs | Build a baseline of understanding of local people's needs to support members (and officers) to effectively prioritise, and identify trade-offs, in planning for the 2026-30 period | Executive Director of Strategy and Executive Directors | 31 January 2026 |
| 4 | Developing relationships | Taking steps to develop political acumen amongst officers, and acumen in understanding the challenges and constraints of officers. | Operational Director of Assurance (Monitoring Officer) | Ongoing throughout 2025/26 |

| | Governance area | Action to be taken in 2025/26 | Lead Officer | Target date |
|---|--------------------------------------|--|--|-----------------|
| 5 | Developing Cabinet's strategic focus | <p>Set up new Member Board for Demand Management to deepen member understanding and provoke behaviour change.</p> <p>Design and introduce new oversight and escalation systems to ensure proportionate member "line of sight" on important matters.</p> <p>Review processes for Cabinet key decisions to ensure that systems for delegation are working effectively and consistently across the Council.</p> | Corporate Director of Resources (Section 151 Officer) and Operational Director of Assurance (Monitoring Officer) | 30 June 2025 |
| 6 | Decision making | <p>Redesign arrangements to ensure that stakeholders feed into decision-making process well in advance of formal signoff.</p> <p>Design and deliver learning and development arrangements to reset expectations on the nature of the process and the need for report author / officer ownership, aligned with advice on report writing.</p> | Operational Director of Assurance (Monitoring Officer) and Executive Leadership Team | 30 June 2025 |
| 7 | Internal governance | <p>Agree a framework to define the purpose and functions of Boards and conduct a review of remaining corporate and directorate Boards.</p> <p>Create cross-functional teams / communities of practice to bring together officers with similar specialisms in different directorates.</p> <p>Centralise Programme Management Office functions.</p> <p>Ensure Senior Responsible Officer roles within directorates / in project leadership and management are clear.</p> | Chief Executive and Executive Leadership Team | 31 October 2025 |

| | Governance area | Action to be taken in 2025/26 | Lead Officer | Target date |
|----|----------------------|--|---------------------------------|----------------------------|
| 8 | Value and behaviours | <p>Embed cultural / behavioural expectations around governance in new staff competencies.</p> <p>Put in place leadership development support which focuses on the need for autonomy, ownership, personal accountability.</p> <p>Plan for wider organisational development work to embed shifts in behaviour.</p> | Executive Director of Strategy | 31 March 2026 |
| 9 | Partnerships | <p>Enhance strategic partnerships.</p> <p>Map how partnership dynamics will need to impact / inform internal governance systems.</p> | Executive Director of Strategy | 31 March 2026 |
| 10 | Financial governance | Respond to external auditor findings from 2023/24 Annual Results Report (and 2024/25 when known and if needed) | Operational Director of Finance | Ongoing throughout 2025/26 |

Section 6: Agreement of the Annual Governance Statement

This statement has been considered by the Leader of the Council and the Chief Executive and is considered an accurate reflection of the Council's governance arrangements.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Agreed by:

| | | |
|---|---------|-------|
| Councillor Kam Rai: Leader of the Council | Signed: | Date: |
| Claire Hamilton: Chief Executive | Signed: | Date: |

Appendix to the Annual Governance Statement: How the Council met the core good governance principles in 2024/25

Detail on how the Council has met the core good governance principles in 2024/25 is set out below.:

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law:

In 2024/25 the Council demonstrated how it sufficiently met this principle through the following arrangement and or identified where it can improve arrangements further:

- Having member and staff Codes of Conduct in place throughout the year. Training on the Code to Members is planned annually and is mandatory. It was provided to Members during 2024/25.
- The training to all new staff and members on codes of conduct and required standards of behaviour as part of induction.
 - Mandatory training for all members on safeguarding, probity in planning and licensing
 - Mandatory training for staff on Health and Safety, Anti-Fraud and Corruption, Information Governance, and aspects of equalities, diversity, and inclusion. Compliance rates monitored, reported, and increasing appropriately through the year.
- Continuing to require all staff and members regularly declare whether they have any relationships or interests that could give rise to conflict of interest, or the perception of a conflict of interest. Also requiring all staff and members to declare offers of gifts, and hospitality made and received. Further work is ongoing to measure and report on compliance rates of staff declarations of interest.
- Members declarations are published on the Council's webpage. The Monitoring Officer oversaw requests for dispensations to members with disclosable pecuniary interests.
- Having clear mechanisms in place through the Governance and Assurance Committee to deal with matters relating to member conduct and standards of behaviour. There were no major issues arising in the year.
- Defining the Council's values and behaviours as excellence, honesty, collaboration, and fairness which staff are required to adhere to. The refreshed staff development scheme One Brilliant You requires staff to consider how they can demonstrate these in their role.
- Having a counter fraud and corruption strategy and policy suite setting out how we will look to prevent, identify, and act against fraud. Having an action plan of counter fraud activity that implements the strategy.

Principle B - Ensuring openness and comprehensive stakeholder engagement

In 2024/25 the Council demonstrated it sufficiently met this principle through the following arrangement and or identified where it can improve arrangements further:

- Taking decisions openly and transparently, with a presumption of decisions made publicly using private, confidential reports only when necessary and legally allowed.
- Regularly publishing forward plans of the decisions to be made by Cabinet and Council
- Having consultation and engagement mechanisms to consulting with staff and the public.
- Continue to work and engage with key stakeholders. These include but are not limited to:

- The Community Safety Partnership
- The Redbridge Schools Forum
- The Health and Wellbeing Board
- Resident consultation and engagement fora.

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits

In 2024/25 the Council demonstrated it sufficiently met this principle through the following arrangement and or identified where it can improve arrangements further:

- Working to the corporate plan, the Redbridge Plan 2022 – 2026, published in July 2022.
- Developing and publishing the annual 2025/26 balanced budgets and providing an updated medium-term financial strategy with data on the Council's financial resilience given increased reserves and direction of travel.
- Including social value considerations into procurement of works, goods, and services.
- Reporting on the Council's progress on delivery of plans to address climate change issues.
- Undertaking environmental impact assessments before major works.

Principle D - Determining the intervention necessary to achieve intended outcomes.

In 2024/25 the Council demonstrated it sufficiently met this principle through the following arrangement and or identified where it can improve arrangements further:

- Working to the corporate plan, the Redbridge Plan 2022 – 2026 published in July 2022.
- Having service plans covering 2023/24 and 2024/25 in a standard templated form that underpin the delivery of the Redbridge Plan.
- Developing the key strategies and policies required to direct resources and activity to achieve required outcomes and fulfil legal obligations through the work of the Corporate Strategy Group.
- Defining and regularly reporting on performance indicators in reference to the priorities as set out in the Redbridge Plan. Further work on this will continue in 2025/26 to implement a new performance management system.
- Identifying, managing, and reporting every quarter on key strategic risks faced by the Council.
- Overview and Scrutiny Committee providing constructive challenge and debate on key policies as part of decision making.

Principle E - Developing capacity, including the capability of leadership and individuals within the Council

In 2024/25 the Council demonstrated it sufficiently met this principle through the following arrangement and or identified where it can improve arrangements further:

- Training new members when elected and inducting new staff to ensure awareness and acceptance of key policies and processes.
- Delivering a series of mandatory training on key subjects, as well as an ongoing offer of other key

training offers to support skills and knowledge of staff around HR, staff management, project management, IT and other learning and personal development topics.

- Having a mandatory staff development and performance scheme supported by ongoing development courses supported by external specialist training and development companies. The refreshed “One Brilliant You” staff development processes was rolled out in 2024/25.
- Having an apprenticeship scheme and engaging in the National Graduate Development Programme to develop the Council’s own pool of staff.

Principle F - Managing risks and performance through strong internal control, and financial management.

In 2024/25 the Council demonstrated it sufficiently met this principle through the following arrangement and or identified where it can improve arrangements further:

- The Council’s Risk Service is responsible for implementing the risk management framework. The Risk Management Strategy and Policy is reviewed and endorsed by the Executive Leadership Team and Governance and Assurance Committee as the body charged with assuring itself of the effectiveness of risk management. The Council's Strategic Risk Register is reviewed on a quarterly basis.
- The Corporate Risk Champions Group meet quarterly and facilitate effective risk reporting of operational and strategic risks via the Council's risk management system JCAD Core.
- The Council continues to make efforts to improve the organisation’s risk maturity by embedding risk management into all decision making.
- Regularly reporting budgetary control reports to senior management and members, setting out the current and forecast financial situation, progress on delivering savings, and where needed mitigating recovery plans. Updating the medium-term financial strategy and position at mid-year and reporting to senior management and members
- Regularly reporting on the financial resilience of the Council to senior management and to Members
- Assessing it met or partially met the national good practice standards in financial governance and management. Further improvement actions have been completed since the initial assessment and other actions are ongoing into 2024/25.
- Key improvement actions include to further strengthen arrangements to keep within revenue budgets and enhance the delivery plans for savings in the 2025/26 budget.
- Regularly reporting performance on key indicators to senior management through the Corporate Performance Group.
- Updating senior management and members on Treasury Management activity and demonstrating the risks inherent in investing and borrowing were well managed.
- Assessing the risk management and internal control environment through a programme of independent assurance reviews by the Internal Audit team.
- Having a Shareholder Reference Group to ensure decisions made on the future of all Council-owned companies and receive updates on the operation and performance of live companies.
- Further developing the Corporate Health and Safety Audit and Assurance Framework and regular reporting to the Corporate Health and Safety Board and Corporate Assurance Group. Further

- improvement work on this will continue in 2025/26.
- Addressing the issues identified around compliance with the Housing Standards and key statutory health and safety obligations. Improvement work on this continued in 2024/25 and will go into 2025/26 as the Council works toward lifting of the Housing Regulator's Notice.
- Improving the capability and capacity of the Council's arrangements to meet the good practice resilience standards and thereby effectively meet its obligations under the Civil Contingency Act. Further improvement work on this will continue in 2025/26.
- The Council's Risk Service is responsible for implementing the risk management framework. The Risk Management Strategy and Policy is reviewed and endorsed by the Executive Leadership Team and Governance and Assurance Committee as the body charged with assuring itself of the effectiveness of risk management. The Council's Strategic Risk Register is reviewed on a quarterly basis.
- The Corporate Risk Champions Group meet quarterly and facilitate effective risk reporting of operational and strategic risks via the Council's risk management system JCAD Core.
- The Council continues to make efforts to improve the organisation's risk maturity by embedding risk management into all decision making.

Principle G - Implementing good practices in transparency, reporting and audit to deliver effective accountability

In 2024/25 the Council demonstrated it sufficiently met this principle through the following arrangement and or identified where it can improve arrangements further:

- Having a presumption of open, public reporting and decision making and reporting confidentially only when essential. Publishing of meeting minutes, key decisions, registers of interest and gifts and hospitality on our website. Collating and publishing on the website spend over £500 and other requirements of the Transparency Code.
- Having Information Governance policies and procedures, supported by mandatory information governance training for staff, now 95% completed. Publicly reporting the performance from key Information Governance and Data Protection arrangements, including on its performance on responding to Subject Access Requests for personal data, Freedom of Information Act requests for Council data, and reporting on breaches.
- Assessing the risk management and internal control environment through a programme of independent assurance reviews by the Internal Audit team and having arrangement in place to address the recommendations for improvement action are acted on.
- Reporting on the results of the latest work of the external auditor concluding whilst changes are needed to the latest accounts audited, they are not significant or fundamental problems with the Council's financial management or financial standing,
- Reporting on the effectiveness of our corporate governance arrangements and processes through the Annual Governance Statement.

Glossary

Accounting Policies

The rules and practices adopted by the Council that determine how transactions and events are reflected in the accounts.

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

Actuarial Valuation

The Actuary reviews the assets and liabilities of the Pension Fund and reports to the Council on the fund's financial position and recommended employers' contribution rates.

Actuary

A professional who uses mathematics, statistics, and financial theory to assess and manage financial risks, especially in insurance, pensions, and investment. Actuaries help organisations plan for the future by evaluating the likelihood and impact of uncertain events.

Amortisation

It is a gradual repayment of a loan over a specified period or a systematic allocation of the cost of an intangible asset such as patents, trademarks, or software over its useful life, reflecting the asset's consumption or decline in value over time.

Annual Governance Statement (AGS)

The annual governance statement is a statutory document that explains the processes and procedures in place to enable the council to carry out its functions effectively.

Asset

Assets are valuable things the Council owns, such as cash, equipment, buildings, or vehicles. They help generate income or support operations. Long-term assets (also called non-current assets) are items that yield benefit to the Council for a period of more than one year. Examples include property, machinery, and vehicles.

Balance Sheet

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

Business Improvement District

A defined area within which businesses pay additional business rates in order to fund improvements within the districts boundary.

Business Rates/National Non-Domestic Rates (NNDR)

The tax raised on non-domestic properties, based each year on a multiplier set by the Government applied to an assessment of the value of the property. National Non-Domestic Rates is an alternative name for business rates.

Budget

It is a detailed financial plan that outlines the Council's projected income and expenditures over a specific period, typically a fiscal year and aids in setting the Council Tax. It serves as a strategic tool for planning, coordinating, and controlling financial resources, enabling the organisation to allocate funds effectively, monitor performance, and achieve its operational and strategic objectives.

Capital Expenditure

Expenditure on the acquisition of non-current or intangible assets, or expenditure that adds to the value of an existing asset.

Capital Adjustment Account

Represents amounts set aside from revenue resources or capital receipts to finance expenditure on assets or for the repayment of external loans and certain other capital financing transactions.

Capital Receipt

Income received from the sale of a capital asset such as land or buildings.

Carrying Value (Book Value)

For Financial Instruments, this value is the amount to be recognised on the Balance Sheet. Financial Assets and Liabilities need to be recognised in the Balance Sheet at fair value or at amortised cost.

Cash

Comprises cash in hand and available-on-demand deposits.

Cash equivalents

Are short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

CIPFA (Chartered Institute of Public Finance and Accounting)

CIPFA is the professional body for accountants in public finance.

Collateral

Assets pledged by a borrower to secure a loan.

Collection Fund

The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions of the Council in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to its major preceptors such as the Greater London Authority (GLA) and the Government.

Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of Community Assets are parks and historic buildings.

Community Infrastructure Levy

A levy that Council can charge on new developments in their area. The money can be used to support development by funding infrastructure that the Council, local community and neighbourhoods want.

Credit Ratings for Investments

A scoring system used by credit rating agencies such as Fitch, Moodys and Standard and Poors to indicate the creditworthiness and other factors of Governments, Banks, Building Societies, and other financial Institutions.

Creditors

Amount of money owed by the Council for goods and services received but not paid for as at 31 March.

Curtailment

For a defined benefit pension scheme, an event that reduces the expected years of future service of employees or for a number of employees, the accrual of defined benefit for some or all of their entitlement. Examples include: -

- Termination of employees' services earlier than expected (for example as a result of discontinued operations); and
- Termination of, or amendments, to the terms of a defined benefit scheme, so that some or all future services by current employees no longer qualify for benefits or will qualify for reduced benefits.

Debtors

Amount of money owed to the Council by individuals and organisations for goods and services provided but where income was not received as at 31 March.

Depreciation

A measure of the cost of the economic benefits of the tangible fixed asset consumed during the year which is charged to the Comprehensive Income and Expenditure account.

Depreciation Replacement Cost (DRC)

The current cost of replacing or recreating an asset with its modern equivalent asset less deduction for all physical deterioration and all relevant obsolescence and optimisation.

Earmarked Reserves

Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.

Expected Return on Assets

For a defined benefit scheme, this is a measure of the return on the investment assets held by the plan for the year. It is not intended to reflect the actual realised return by the plan, but a longer-term measure based on the value of assets at the start of the year taking into account movements in assets during the year and an expected return factor.

Fair Value

The amount that an asset can be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction.

Finance Lease

A finance lease is a type of lease agreement in which the lessee (the user of the asset) assumes most of the risks and rewards of ownership, even though the legal title may not be transferred.

General Fund Balance

Revenue Funds that are uncommitted and available to support general funding pressures not otherwise specifically covered by planned budget or earmarked reserves.

Historic Cost

The original purchase price, not the current market value.

Housing Revenue Account (HRA)

A Statutory Account maintained separately from the General Fund for the recording of income and expenditure relating to the provision of Council Housing.

International Accounting Standard (IAS) 19

A complex accounting standard based on the principle that an organisation should account for retirement benefits when it is committed to do so even though the benefits will not be paid for years in the future.

Impairment

A reduction in the valuation of an asset caused by consumption of economic benefits or by a general fall in prices.

Infrastructure Assets

These are long-term physical assets that are essential for the functioning of a society. These assets typically provide services over an extended period and are not primarily held for sale. e.g. roads.

Intangible Assets

Intangible assets are non-physical assets that have value because of the rights, privileges, or competitive advantages they provide to the Council.

Inventories

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

International Financial Reporting Standards

These are a set of accounting standards developed by the International Accounting Standards Board (IASB) to bring consistency, transparency, and comparability to financial statements across international boundaries.

Materiality

Significance of financial information in influencing the decisions of users of financial statements. An item is considered material if its omission or misstatement could affect the economic decisions of users based on those statements.

Medium Term Financial Strategy (MTFS)

The Medium Term Financial Strategy is a key financial planning document that outlines the Council's financial plans over the coming years. It takes into account both local and national policy developments and assesses their potential impact on the Council's General Fund revenue budget, Capital Programme, and Housing Revenue Account (HRA). The MTFS provides a framework for informed decision-making, ensuring financial sustainability and alignment with strategic priorities.

Minimum Revenue Provision (MRP)

The amount that has to be charged to revenue to provide for the redemption of debt.

Net Book Value

The amount at which assets are included in the Balance Sheet after depreciation has been provided for.

Net Realisable Value

The open market value of the asset less the expenses to be incurred in realising the asset.

Non-Current Assets

Assets that yield benefits to the Council and the services it provides for a period of more than one year.

Operating Lease

This is a lease other than a finance lease. An operating lease contract allows the use of an asset but does not convey rights similar to ownership of the asset. The lessee pays rentals to the lease company and, the asset is returned at the end of the lease period.

Operational Assets

Assets held, occupied, used or consumed by the Council in the direct delivery of its service.

Outturn

The actual level of expenditure and income for the year.

Past Service Cost

A cost arising from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years.

Post Balance Sheet Events

Those events that relate to the accounting year, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statement of Accounts is approved.

Precept

A charge set by a local council (such as London Borough of Redbridge, or other precepting authority such as Greater London Authority) that is added to Council Tax bills to fund its services.

Private Finance Initiative

A Central Government initiative whereby contracts are let to private sector suppliers for both services and capital investment in return for a unitary payment, which may be reduced if performance targets are not met.

Projected Unit Method

Actuarial valuation method whose key feature is to assess future service cost; the Actuary calculates the employer's contribution rate, which will meet the cost of benefits accruing in the year after the valuation date. This method is considered appropriate for a Pension Fund open to new members.

Public Works Loans Board (PWLb)

Central Government Agency, which funds much of Local Government borrowing.

Related Parties

These are persons or entities that are related to the reporting entity through control, joint control, significant influence, or close family relationships.

Reserves

There are two types of reserves:

- Usable : These are cash-backed reserves that the council can use to fund future spending. They are available to support services, manage financial risks, or invest in projects.
- Unusable : These are not available for spending. They arise from accounting adjustments required by legislation or accounting standards and help ensure the financial statements comply with proper accounting practices.

Revenue Expenditure

The day-to-day expenditure of the Council, e.g. pay, goods and services and capital financing charges.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure that is classified as revenue in nature (i.e. it does not result in the acquisition or enhancement of a fixed asset), but which legislation allows to be treated as capital expenditure for funding purposes.

Revenue Support Grant

Grant paid by the Central Government to Local Authorities. This grant is not attributable to specific services.

Soft Loan

Loans given at less than market/commercial rates.

Support Services

Activities of a professional, technical and administrative nature which support main front-line services.

The Code

The Code includes the specific principles and practices of accounting required to prepare financial statements, which should give a true and fair view of the financial position and transactions of the Council.