London Borough of Redbridge

Statement of Accounts 2025/26

Contents

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Narrative Report

This report provides information on Redbridge Council's:

- Non-financial Strategies and Performance
  - Population and geography, main strategic objectives and plans including 2025/26 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. The latest mid-year estimate by the Office for National Statistics is 321,231. 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 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: 31.3% identify as Muslim, 30.4% Christian, 11.1% Hindu, 5.7% Sikh, 2.1% Jewish and 12.6% saying that they have no religion.

Council Management and Reporting Structure

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

- Place, Communities and Enterprise, which includes Housing, Neighbourhood & Environmental Services including Highways. It also contains Regeneration, Property, Planning & Building Services and Leisure & Culture
- Adult Social Services and Public Health
- Children and Education, which includes Children and Families and Education & Inclusion
- Resources, which includes Finance, Customer Services, Revenues & Benefits, Commercial Services and All Age Commissioning
- Deputy Chief Executive which includes HR, Modernisation programme, IT and Digital Transformation, Communications and Policy & Equalities
- Corporate which includes Treasury and Investment management
- Local Authority Housing (HRA) which includes responsibility for the Council's housing stock

Redbridge's Corporate Plan 2022-26

In 2022 The Redbridge Plan 2022-26 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, 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 Corporate Performance Scorecard reflects the Council's priorities as set out in the Redbridge Plan 2022-2026. The table below summarises the end of 2025/26 Corporate Performance Scorecard. There are 7 measures where data will not be available for the end-of-year reporting, due to time lag and dependency on external factors to confirm final positions.

Service (No. of Measures)	Data Only *	Not Available *	Red	Amber	Green
Housing & Homelessness (23)	1	1	0	10	11
Planning & Economic Growth (15)	1	0	0	2	12
Leisure, Culture & Communities (7)	1	1	0	1	4
Environment & Sustainability (19)	1	0	0	6	12
Enforcement & Community Safety (9)	3	0	1	0	5
Adult Social Care & Health (11)	1	3	1	4	2
Children, Young People & Education (25)	6	2	5	3	9
Finance (4)	0	0	0	2	2
Resources & Transformation (9)	2	0	0	4	3

* 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 Scorecard contains 122 measures. Of the measures that are RAG rated (99), 60.6% (60) have met the set target – this is a reduction of 4 in the final quarter; 32.3% (32) have narrowly missed the target by 10% and increase of 10 in the quarter; and 7.1% (7) were over 10% off achieving the target.

Housing & Homelessness - Cllr Saima Ahmed

Ref	Indicator	Target 25/26	Outturn 25/26
A1	Deliver 500 council homes between 2022 and 2026 (100 per year)	151	344
A2	Deliver 1,000 affordable homes between 2022 and 2026 (200 per year)	200	Tbc
B1	Number of prevention outcomes	30 per month	337
B3	Number of households living in temporary accommodation	<2700	2815
B2	Number of Rough Sleepers (Verified bedded down rough sleepers - latest bi-monthly count)	<19	17
B4	No. of Families with children in Bed and Breakfast 6wks	0	0
B5	Eviction rate in Redbridge (per 10,000), in social or private rented	Data Only	2.7
C5	Proportion of Council Housing repair emergency requests completed in time	100%	99.5%
C6	Satisfaction with repairs	70%	72.9%
C8	Satisfaction that the home is well-maintained	70%	68.9%
C9	Satisfaction that the landlord keeps communal areas clean and well-maintained	70%	65.6%
C10	Homes that do not meet the Decent Homes Standard	10%	3.8%
BS01	Gas Assessments	100%	99.2%
BS02	Fire Risk Assessments	100%	99.8%
BS03	Asbestos Assessments	100%	100%
S04	Legionella Assessments	100%	100%
BS05	Lift Safety Checks	100%	100%
SC11	Internal Electrical Safety Checks Completed (EICR)	100%	99.7%
C1	Hazards resolved out of total hazards identified during Housing Health and Safety Rating System (HHSRS) inspections of rented properties (%)	95%	100%
C2 ii	% of Housing-related enforcement notices not complied with which result in a financial penalty or prosecution	25%	5%
C3	The Number of Licensed properties that have been inspected during the period of their Licence (5 years) (I)Selective Licenses (Monthly cumulative value)	2296	1415
ii)	Above indicator for ii) Additional HMOs (Monthly cumulative value)	136	78
iii)	Above indicator for iii) Mandatory HMOs (Monthly cumulative value)	408	375

Planning & Economic Growth - Cllr Sahdia Warraich

Ref	Indicator	Target 25/26	Outturn 25/26
A3	Proportion of MAJOR Planning applications determined within target (13wks or agreed extension of time)	90%	100%
A4	Proportion of MINOR Planning applications determined within target (8wks or agreed extension of time)	75%	82%
A5	Proportion of ALL Planning applications determined within target (within agreed time)	85%	93.8%
U3	Employment Rate in Redbridge	78%	71.3%
V1	No. of Learning Aims being delivered at Redbridge Institute from Adult Skills Fund ASF funded training	4811	270
V2	No. of adults on roll for 'adults' skills courses' at Redbridge Institute	2461	2707
V3	Borough level 2 qualification rates vs London average	78.5%	74.1%
Y2	No. of businesses supported to grow i.e. moving into bigger premises, increasing turnover, taking over staff	50	487
W1	Annual Average Wage in Redbridge for Full Time Worker (ONS)	Data Only	£38,557
Y1	No. of businesses supported to start up (e.g., registering with HMRC/companies house after talking to Business and enterprise team)	35	91
X6	One year Business survival rate (annual April ONS)	90%	92.3%
WR1	Number of residents receiving Information, Advice and Guidance	350	596
WR2	Number of Work Redbridge clients entering paid employment, apprenticeships, or self-employment	80	202
WR3	Number of Work Redbridge clients commencing education or training programme	200	412
WR4	Number of Work Redbridge Clients receiving meetings, emails or telephone call from Work Redbridge about benefits uptake	150	277

Leisure, Culture & Communities - Cllr Namreen B Chaudhry

Ref	Indicator	Target 25/26	Outturn 25/26
F1	Number of VCSEs working with Community Action Redbridge	Data Only	1048
L1	Individual existing green spaces which were improved	15	49
L3	Create new allotment spaces and set up new pocket parks.	24	TBC
L4	Create new community gardens by 2026 (CP)	2	31
T1	No. of Library Visits	1,244,352	1,380,171
T2	No. of Leisure Facility Attendances	1,000,000	868,447
O1	Prevent Training Sessions delivered to professionals across the wider Partnership including schools	80	104

Environment & Sustainability - Cllr Jo Blackman

Ref	Indicator	Target 25/26	Outturn 25/26
G1	Streets Meeting Acceptable Cleanliness (%)	95%	97%
G2	Reported fly tips cleared within 1 Business Day (%)	90%	98%
G3	Number of Volunteer Hours (Parks and Nature Conservation)	5000	9,680
G4	Number of Fixed Penalty Charge Notices issued for Littering	Data Only	7,344
G5i	% of Category 1 Emergency Highway defects repaired or made safe on time (2 hrs)	98%	100%
G5ii	% Category 2 Highway defects, including potholes, paving and kerbs, repaired or made safe on time (24hrs)	98%	100%
G5iii	% Category 3 Highways defects, including potholes, paving and kerbs, repaired or made safe on time (3 days)	98%	100%
G6	Road gullies compliance with schedule of planned maintenance (%)	100%	97%
L5	Plant 20,000 trees between 2022 and 2026	6800	6545
H1	Reduction in LBR fleet fuel use	5% reduction (767,037 litres)	823,652
I1	Total Household Waste Arising (refuse and recycling) (tonnes)	100,000t	98,672
I2	Recycling rate (%)	35%	30%
I3	Residual HH Waste per HH (kg)	645	627
I4	Justified Missed Collections (per 100,000 collections i) Recycling	60	26
	ii) Residual waste	60	39
	ii) Combined waste	60	33
I5	Bulky collections within 7 days (or timeframe as requested)	100%	100%
J2	Rollout of school streets - Locations	5	4
K4	Number of Council-provided publicly accessible Electric Vehicle Charging Points (EVCPs) per 100,000 Population.	198.8	159.85

Enforcement & Community Safety - Cllr Khayer M R Chowdhury

Ref	Indicator	Target 25/26	Outturn 25/26
M1	Number of licensing representations targeting problem premises linked to ASB	Data Only	46
M2	Number of FPNs for men attempting to buy sex under PSPO	Data Only	88
M3	Number of interventions for street drinking within Public Space Protection Order	Data Only	560
M4	Increased commercial waste enforcement (measuring notices, warnings, visits, Formal enforcement action)	451	605
M5	Increased enforcement output (non-commercial) (measuring notices, warnings, Formal enforcement action)	7225	5977
M6	Number of interventions for street begging across the borough	100	146
N1	Repeat MARAC rate (Multi Agency Risk Assessment Conference) the case panel for the highest risk cases of domestic abuse)	<28%	13.89%
N2	Number of referrals to Reach Out	850	1922
N3	User satisfaction with the Reach Out Service	92%	100%

Adult Social Care & Health - Cllr Mark Santos

Ref	Indicator	Target 25/26	Outturn 25/26
P2	Proportion (%) of the eligible population 40-74 who received an NHS Health Check in current year	15%	Tbc
Q2	Fit For Fun number per year going through the service	450	420
Q3	Numbers of smokers who quit at four weeks	600	535
Q4	% of Adults that successfully complete treatment for opiates in a year and who do not represent to treatment within 6 months	17%	Tbc
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	49%	Tbc
R1	% of Adult Social Care Clients in Receipt of Long-Term Services who are based in the Community (Snapshot)	77.5%	78.60%
R2	The Number of Adults aged 65+ whose long-term support needs are meet by admissions to Residential Care homes	140 (35 per quarter)	143
R3	% of People using Social Care who receive Direct Payments (Snapshot)	25%	24%
R4	% of Open Adult Social Care Cases with a review in the past 12 months (Snapshot)	65%	53%
R5	% of Section 42 Safeguarding Enquiries where the risk was reduced or removed	96%	97.05%
R6	Conversion Rate of Safeguarding Concerns to Section 42 Enquiries	Data Only	7.4%

Children, Young People & Education - Cllr Lloyd Jacob Duddridge

Ref	Indicator	Target 25/26	Outturn 25/26
P1a	Proportion (%) of eligible children who received a 12-month health visiting review	60%	Tbc
P1b	Proportion (%) of eligible children who received a 2-2½ -year health visiting review	65%	Tbc
Q6	Proportion of pupils in Year 6 being overweight (including obese) [Annual]	25.7%	37.8%
Q7	Proportion of pupils in Reception being overweight (including obese) [Annual]	14.7%	17.6%
S1	Rate of Child Protection Plans per 10,000 population under 18	36	27.3
S2	Proportion Child and Family Assessments completed within 45 days	95%	96.3%
S3	Repeat referrals to Children's social care (2 or more in 12-month period)	16%	15.5%
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	8%	7.6%
W2	% of Children living in Relative low-income Families (under 16 Years)	16.0%	16.6%
X2	Narrow the gap in expected standard in **KS2** Reading, Writing Maths between those with SEN and their peers (**ppts**)	51.5 ppts	48.3 ppts
X3	Narrowing Gap between the most disadvantaged and their peers at end of the Foundation Stage	11.5 ppts	9.5 ppts
X4	Total Children Missing Education (CME) referrals (Rolling 12 months)	Data Only	2335
X4b	Number of Children Missing Education (CME) at period end	Data Only	262
X4c	Number of Children Missing Education (CME) with an EHCP at period end	Data Only	16
X5	Proportion of Care Leavers (19-21years) in employment, education or training	69%	59.6%
NEW	School Attendance Rate Primary School	94.66%	94.5% (2025)
NEW	School Attendance Rate Secondary School	92.62%	93.2% (2025)
NEW	School Attendance Rate Special School	84.34%	87% (2025)
NEW	Rate of Elective Home Education	377	434
NEW	Total Number of permanent exclusions from Redbridge Schools	Data Only	8
NEW	% of Schools in Redbridge with Good or Outstanding Ofsted across all 4 categories	Data Only	96.2%
NEW	% of Pupils in Redbridge Schools with a EHCP or in receipt of SEN Support	Data Only	16.08% (Spring 2026)
NEW	Timeliness of, % new Education Health Care Plans issued in time	45%	34.4%

	(20 weeks, cumulative year to date) (Excluding exceptions)		
NEW	% of Annual EHCPs reviews held in timescale (12 months)	35%	31.9%

Finance - Cllr Vanisha Solanki

Ref	Indicator	Target 25/26	Outturn 25/26
Z1	Collection rates of council tax	97.25%	95.01%
Z2	Collection rates of business rates (%)	98%	92.24%
Z3	Time taken to process housing benefit claims (days)	6 days	5.44 days
Z4	Time taken to process council tax reduction claims (days)	7 days	3.88 days

Resources & Transformation - Cllr Helen Coomb

Ref	Indicator	Target 25/26	Outturn 25/26
Z5	FOIs answered in Time (20 working days)	90%	82%
Z6	Members Enquires answered in Time (10 days)	100%	95%
Z8	% of Stage 1 Customer Complaints Answered in Time (10 Working Days)	90%	85%
Z9	% of Stage 2 Customer Complaints Answered in time (20 Working Days)	90%	84%
Z7	% of Contact centre calls answered	80%	85%
Z10.1	Sickness Absence (Long Term) 12-month rolling	4%	2.3%
Z10.2	Sickness Absence (Short Term) 12-month rolling	4%	1.4%
Z11	Amount of Social Value committed across Council contracts over £177k	Data Only	£5,596,759
Z12	Amount of Social Value delivered across Council contracts over £177k	Data Only	£687,388

Key successes

In 2025/26, 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:

- There have been 582 successful outcomes for households in 2025/26 preventing families being placed into temporary accommodation. This has been made up of 245 relief actions & 337 preventions.

- Rough sleeping has reduced to 17, which is better than the target. This has been supported by improved outreach.
- Zero families in B&B over 6 weeks has been sustained, indicating effective operational grip.
- Housing quality is improving with non-decent homes reduced to 3.8% (much better than the 10% target) and high compliance across safety indicators (asbestos, legionella, electrical, housing health and safety rating system all at/near 100%).

Planning & Economic Growth:

- Timeliness of planning applications continues to be achieved across all categories (major, minor & all).
- Since 1st September 2025 there have been 1287 adults enrolled for adults' skills courses at Redbridge Institute.
- 91 new business have been supported to start up in 2025/26, and 487 businesses have been supported to grow. This includes enabling access to new markets and support to develop and promote the business offer.
- Since April 2025, 202 Work Redbridge clients have successfully entered paid employment, apprenticeships, or engaged in self-employment activity. 412 have started an education or training programme. 277 residents have received information, advice and guidance support.

Leisure Culture & Communities:

- 49 green spaces have been improved since April 2025, including a new skatepark at Hainault, new basket swings at Oak Lane, full refurbishment of the cycle track at Hainault Recreation Ground, as well as flowerbeds, planting and new path edging. 31 new community gardens have been created.
- Library visits totalled 344,796 in quarter 4, contributing to an overall increase of 16% compared to the previous year.
- 104 Prevent training sessions have been delivered against a target of 80. These continue to strengthen local safeguarding by equipping professionals—particularly in schools and frontline services—with the skills to identify and respond to risks of radicalisation. This year's programme has covered emerging themes such as hateful ideologies and neurodiversity-related vulnerabilities, helping staff confidently challenge harmful narratives and make appropriate referrals.

Environment & Sustainability:

- 9680 hours of volunteer time have been given in support of Hainault Forest and parks across the borough to support activities such as planting flowers and trees, weeding and mulching, pruning and watering, litter picking and sweeping sports courts. The capacity is essential to underpin the delivery of leisure and culture services, adding value and providing a range of social, positive physical and mental health activity and skill learning/sharing opportunities for volunteers.
- 98% of reported fly tips have been cleared within 1 business day. Preventing the accumulation of waste reduces environmental and public health risks, and helps keep neighbourhoods clean and safe.
- 100% of all highway defects have been repaired or made safe on time. This reflects high performance in responding promptly to every reported defect across all categories, from urgent safety hazards to potholes, loose paving, and dislodged kerbs. Completing this work on time is important because it minimises risks to road users, prevents defects from worsening, and helps maintain a safe and reliable highway network.
- 6545 trees have been planted across the year, made up of 187 highway replacements, and property and housing trees. The planting programme in quarter 4 was expected to deliver a further 6500 trees, 400 planned for highway replacement, 100 at housing sites and 6000 at leisure sites.

Enforcement & Community Safety

- The Neighbourhoods team have taken 5977 non-commercial enforcement actions in 2025/26. Enforcement output is important as it ensures prompt action on environmental offences, deters repeat behaviour, and improves the cleanliness and safety of neighbourhoods.
- There have been 146 interventions for street begging across the borough in the year. This has been down to a combination of live intelligence-led reports from CCTV. Covert operations in the town centre have been a proven success, and close working with the police and CCTV continues to be effective in the prevention of begging.
- 1922 referrals have been made to the Reach Out Service in 2025/26, demonstrating strong demand for early-help support and effective signposting to support. High referral levels indicate residents are accessing help before issues escalate. 100% of clients using the Reach Out Service expressed satisfaction levels of 10/10 with the service received, which highlights its impact and value to the community.

Children, Young People & Education

- 100% of looked-after children have participated in their most recent (December 2025) reviews. The Council continues to monitor this performance monthly. The impact of this is that care plans are better informed when children are actively participating in the planning and decision-making process about their care arrangements.
- In quarter 4, 7.6% of children looked after (21 out of 278) had three or more placements in the last 12 months. This is showing further improvement on quarter 3 and is now back on target. This is better than the London and national average for this measure at 11% and 10% respectively.
- School attendance at secondary and special schools in Redbridge is exceeding the London and national average, and attendance in primary schools is in line with the London and national average.

Adult Social Care & Health

- 78.6% of clients are being supported to live in the community. This shows more older adults are able to live independently at home rather than entering long-term residential care, an increase from 77% at the start of the year. This shift is reinforced by the continued reduction in permanent admissions to care homes for over 65s, indicating that preventative, community-based support is working effectively. Supporting people at home typically leads to better wellbeing outcomes, helps maintain independence for longer, and reduces demand on more costly residential and nursing care services.

Finance

- Processing housing benefit claims in 5.44 days is significantly faster than the target of 6 days. Processing council tax reduction claims in 3.88 days is significantly faster than the target of 7 days, meaning vulnerable households are receiving financial support almost immediately. This helps residents manage hardship more quickly, reduces anxiety for those in financial difficulty, and improves overall customer experience. It also reduces backlogs and prevents escalations into arrears.

Resources & Transformation

- Stage 1 complaints performance shows continued recovery, improving from 68% in quarter 2 to 85% at year end.
- Stage 2 complaints performance improved from 63% in quarter 2 to 84%. This reflects improved handling and decision-making at stage 1, alongside targeted leadership focus in higher-risk services such as housing.
- £687k of social value has been delivered across Council contracts over £177k. This supports added benefits beyond the core contract value such as apprenticeships, local employment, community investment, and environmental improvements. Commitments remain at £5.6m.

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 2025/26 is an overspend of £26.811m. This includes overspends of £21.443m in Place, Communities & Enterprise; £23.283m in Adults Directorate; £3.525m in Children and Education; £3.728m in Deputy Chief Executive; and an overspend of £0.018m in Resources. Corporate outturn is £25.186m under budget including the application of the Risk and Contingency provision of £14.400m.

Directorate	Revised Budget as at Outturn £m	Outturn £m	Variance £m
Place, Communities & Enterprise	32.740	54.183	21.443
Adults	88.175	111.458	23.283
Children and Education	64.272	67.797	3.525
Resources	13.521	13.539	0.018
Deputy Chief Executive	19.005	22.733	3.728
Subtotal	**217.713**	**269.710**	**51.648**
Corporate	25.227	0.041	(25.186)
Total	**242.940**	**269.751**	**26.811**

The most significant areas of overspend were:

The **Place, Communities & Enterprise Directorate** outturn was an overspend of £21.443m. This was largely due to the increasing demand for Temporary Accommodation (TA) coupled with escalating housing costs (driven by a shortage in supply), which has led to a continued increase in overall cost. The TA budget for 2025/26 also included a savings target of £4.347m which was unachieved.

The **Adults Directorate** overspent by £23.283m. The overspend is predominately due to rising costs within care purchasing, staffing cost pressures, unattained income and backdated uplifts within Adults Social Care.

Children and Education directorate comprises Children & Families and Education & Inclusion:

Children and Families overspent by £1.378m. The overspend is mainly due to staffing within Children and Families, including more costly agency expenditure, and Children with Disabilities (CWD) Support Packages, which reflect growth in the number of children with complex additional needs. There were also overspends for Interpreters, External Outreach, Child Protection and Assessment Team (CPAT), No Recourse to Public Funds, and Intentionally Homeless due to increased demand. The Children Looked After (CLA) placement budget is underspent due to a reduction in the number of Residential placements compared to budgeted.

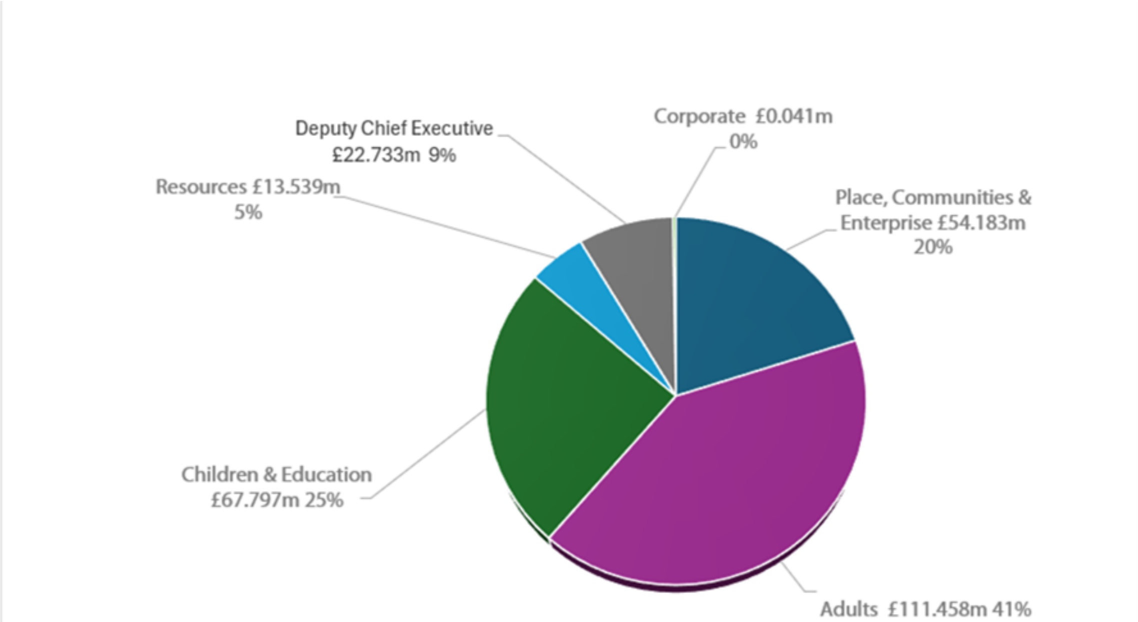
Education and Inclusion overspent by £2.147m. The overspend included unbudgeted urgent improvements needed in SEND following the recent inspection, staffing pressures within the SEND service due to both increasing demand and the additional cost of agency staff, settlement of claims in relation to Wanstead Pool and School Capital Project and non-realisation of SEND Transport savings target due to a reversal in direction of providing transport to out-of-borough pupils to avoid a legislative challenge.

The **Resources Directorate** reported an overspend of £0.018m. The overspend was driven predominantly by higher than anticipated professional service fees for asset valuations and increased agency costs within the Finance Department. These pressures were partially offset by underspends within the Revenues and Benefits Transaction Centre, reflecting additional income from increased activity levels for citizenship ceremonies and payroll services provided to schools.

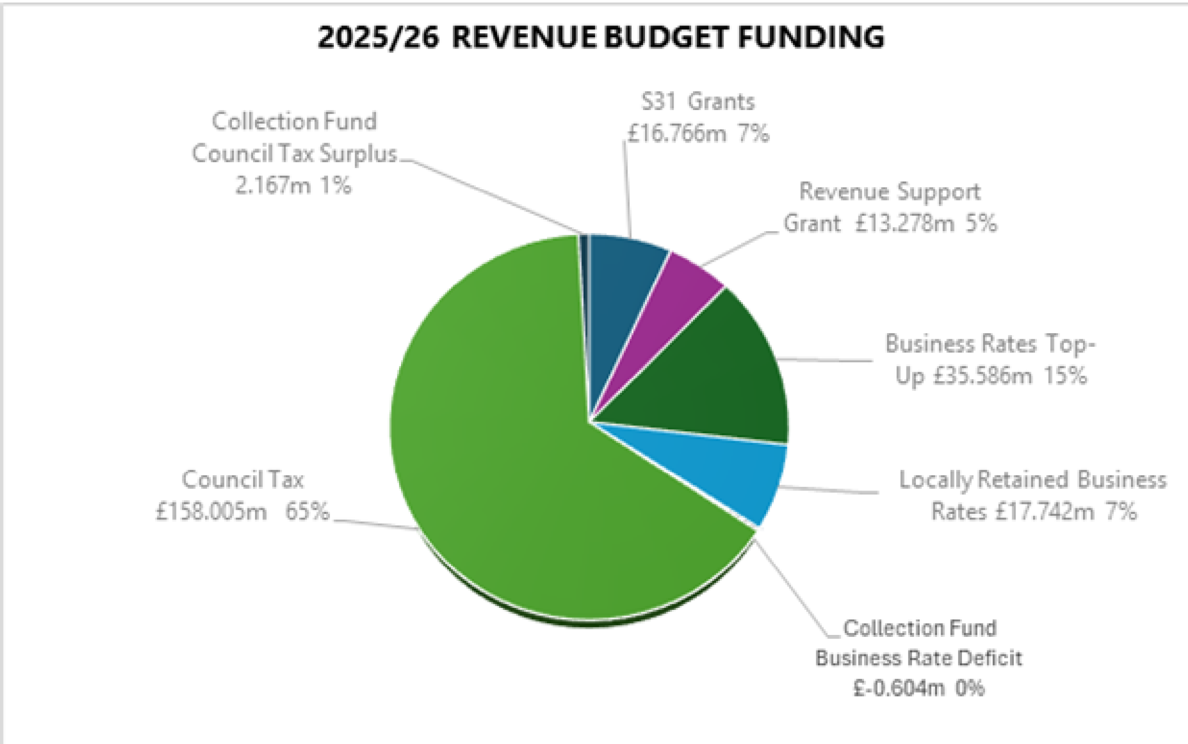
The **Deputy Chief Executive Directorate** overspent by £3.728m. The overspend reflected a combination of staffing overspends, increased use of agency staff, additional modernisation expenditure, unachieved savings and income targets.

The outturn position on **Corporate Budgets** was a £25.186m underspend. The core underspend within Corporate Budgets relates to the contingency for general overspends (£12.000m), with the capital financing underspend (£9.125m) also contributing toward the netting down of the overspend in services. The remainder of the corporate underspend position is explained by additional funding held to cover modernisation costs totalling £5.944m which has now been applied, namely: £2.400m contingency; £2.623m budgeted contribution to reserves held for modernisation, £0.502m from corporate budgets and £0.419m drawn down from the modernisation reserve.

2025/26 NET EXPENDITURE BY DIRECTORATE

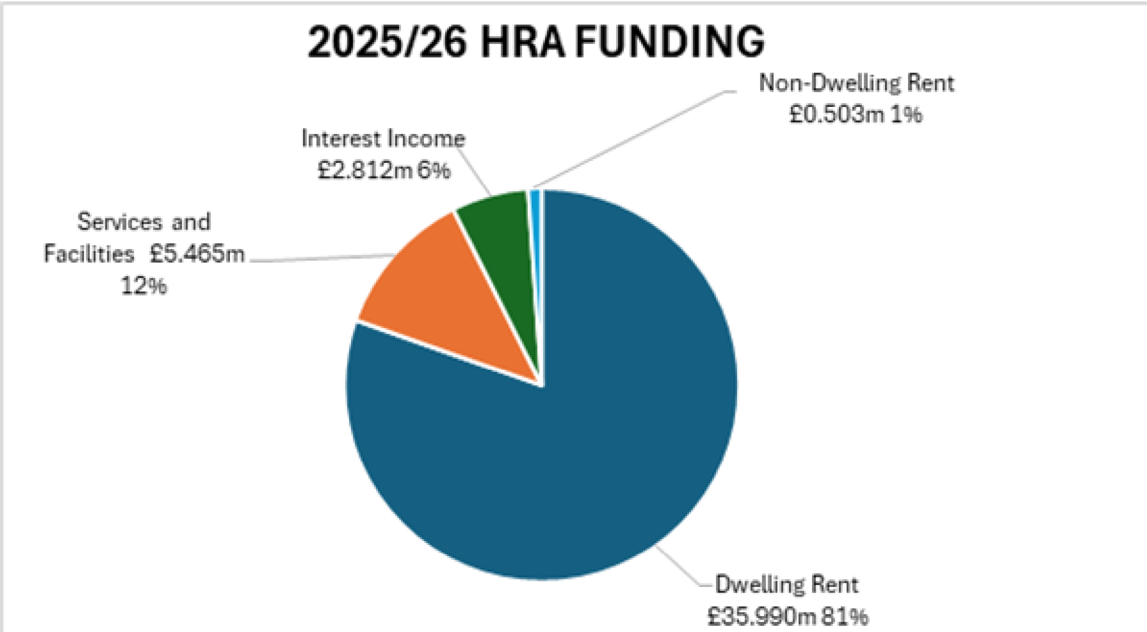


The Council received income from a wide variety of sources, including Council Tax, Business Rates, Government grants, grants from other entities, fees, charges and rental Income. In most cases where this funding is specific to a service, the biggest of which is Dedicated Schools Grant (DSG) of £333.243m, it is accounted for within that service. The net cost of £242.940m 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.



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 £4.686m in 2025/26, against a deficit budget of £0.787m, giving a £5.473m underspend. The source of funding for the HRA outturn is shown graphically below.



Capital Expenditure

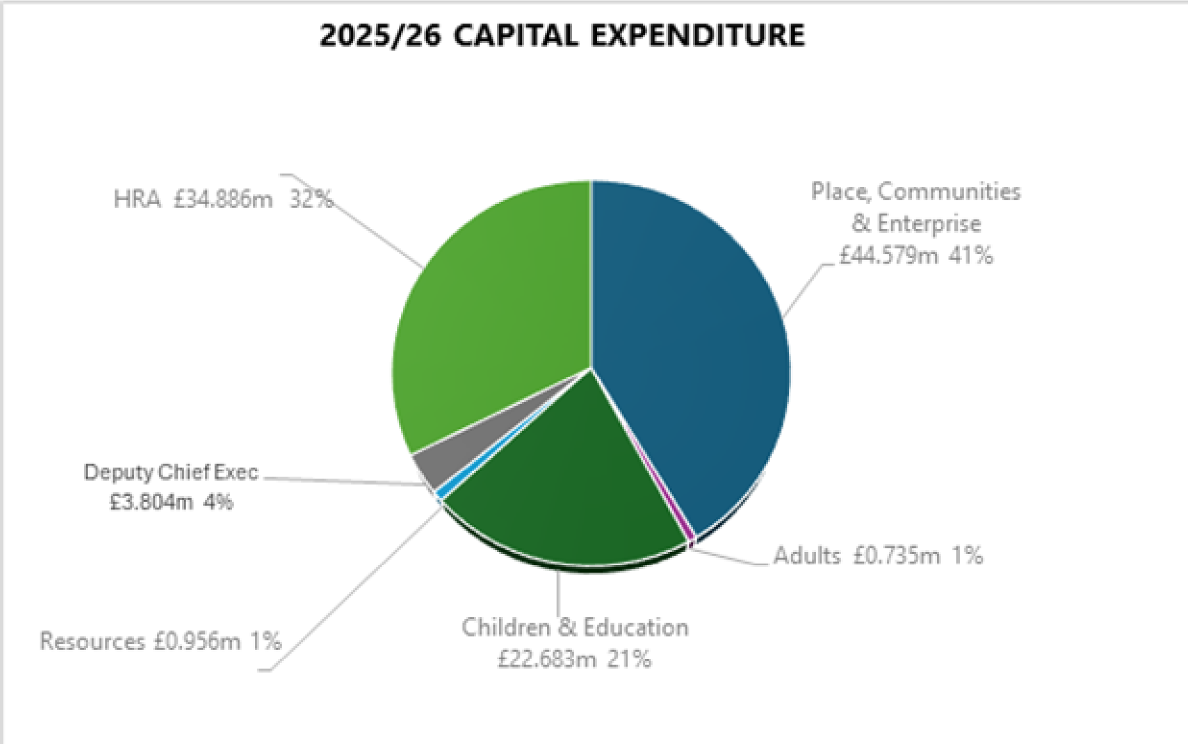
Capital expenditure refers to spending on buying, improving, or upgrading long-term assets such as buildings and infrastructure. The Capital Programme for 2025/26, approved in February 2025, was £397.879m. However, due to project delays and reprofiling of planned capital expenditure, the final outturn was £107.643m, as shown in the chart below.

A major part of capital expenditure in 2025/26 was on Place, Communities & Enterprise, which accounted for £44.578m, or 41% of the capital programme. This included:

- £9.705m to improve the Council's roads
- £3.369m to help residents remain in their own homes
- £1.726m to improve the environment and tackle climate change
- £16.825m on housing to provide temporary accommodation for homeless residents and rough sleepers
- £4.918m on Leisure projects including removing RAAC from a number of Council buildings, public toilets and open spaces

£22.683m was spent in Educational Services, mainly for improving school buildings and expansion work.

Social Housing (HRA) spent £34.885m on capital projects, making up 32% 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 £16.7m as at 31 March 2026 compared with £17.9m as at 31 March 2025. 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 Guaranteed Minimum Pension equalisation. Further information on the basis of the IAS19 disclosure is included at Note 37.

The Fund's funding level at the 2025 triennial valuation improved to 122%, representing a surplus of £194m, compared to the 2022 valuation which reported a 99% funding level and a deficit of £11m. The Council's contribution rate for 2025/26 remained at 19.1%, unchanged from 2024/25.

Net Assets

The Council seeks to maintain a strong balance sheet despite the financial challenges. Redbridge's Net Worth at 31 March 2026 is £1,497m.

The overspend within the General Fund has depleted both earmarked reserves and the main General Fund Balance. The General Fund Balance, the Council's financial safety net has decreased by £16.4m to £7.9m as at 31 March 2026. In addition to this balance, the Council also holds Earmarked Reserves totalling to £29.0m which are set aside for specific purposes.

Net Assets at 31 March 2026:

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
£2,135m	**(£28m)**	**(£610m)**
Funded by:		
Usable Reserves **£155m**	Unusable Reserves **£1,342m**	

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
£2,138m	**£3m**	**(£559m)**
Funded by:		
Usable Reserves **£206m**	Unusable Reserves **£1,376m**	

Treasury Management Strategy

As at 31 March 2026, the Council had a borrowing portfolio of £568.9m (£475.6m as at 31 March 2025). The Authority has balanced the need to minimise costs from funding capital expenditure by using internal cash balances to 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, as part of its Budget Strategy.

The Council's Annual Investment Strategy is incorporated within the Treasury Management Strategy. It 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 as at 31 March 2026 amounted to £116.8m (£148.3m as at 31 March 2025). The average yield from the cash investments for 2025/26 was 4.75% (4.81% 2024/25).

Statement of Accounts Key Financial Statements

The financial statements have been prepared adhering to the CIPFA Code of Practice and the International Financial Reporting Standards (IFRS). The key financial statements and disclosure notes contained in the Statement of Accounts for 2025/26 are as follows:

- **Comprehensive Income and Expenditure Statement (CIES)** shows 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)** 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 be used to fund expenditure or support local taxation).

- **Balance sheet** shows the value of the Council's assets, liabilities and reserves at year-end.

- **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 the day-to-day running costs of the Council (operating activities), investing activities and financing activities.

- **Expenditure Funding Analysis Note (EFA)** brings together the Council's performance reported based on 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** provide a better understanding of the financial statements and give further details 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 presented separately from the Council's main statements. The Pension Fund Accounts are included here to follow proper accounting practices.

Council Companies

There are three Council companies with which the Council has a close involvement, only one of which is trading. Group accounts have not been prepared in respect of this company on the grounds of materiality. These companies are:

- The trading company is Redbridge Civic Services Ltd (RCS). It 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 these, as they would not have a material impact on the group accounts.

- The two dormant companies are: Redbridge Living Limited, which was set up to deliver housing on Council-owned land; and Roding Homes Limited, which was intended to acquire, let and manage properties to support the Council’s housing duties.

- Prior to 2025/26, there had been a fourth Council company in existence: Six Five Education Ltd, which was created to provide educational support services. This company was dissolved in 2025.

Forward Plan 2026/27 - 2030/31

Redbridge's net revenue budget for 2026/27 was approved on 5 March 2026 by Council and is £314.896m. 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 changes, which may require additional expenditure or set additional responsibilities; and
- External drivers – e.g. demand for services, inflationary pressures, change in interest rates or others.

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

Modernisation

The Council is looking to address its current financial challenges and need for Exceptional Financial Support primarily through a programme of modernisation. This will pursue an end-to-end approach to service redesign that is rooted in user experience, operational data and cross-functional collaboration. This means eliminating duplication, reducing hand-offs and getting things right first time. This will work alongside targeted demand management interventions designed to reduce pressure on Council services, all of which will drive out further efficiencies and enable residents to become more self-sufficient and self-reliant, and will help bridge the financial gap identified as part of the MTFS.

Modernisation is broken down into three workstreams:

- **Modernisation programme** – focused on the way the processes, structures, operating model and workforce will need to change for the Council to be fit for purpose in the future;
- **Demand Management** – targeted interventions designed to reduce pressure on council services;
- **Corporate Projects** – long-term strategic projects that define our future delivery models and ultimately the shape of the borough as a place to live, visit and work in.

There are the following principles which apply across all three of the Modernisation workstreams:

- Equity and Inclusion First – this means that we will design fair, respectful services for all and ensure everyone can access and benefit equally.
- Digital for Everyone – this means that we will prioritise user-friendly digital services and provide support and non-digital options where we need to.
- Innovation with Purpose – this means that we will use tech like Artificial Intelligence (AI) and automation to improve services, but at the same time act responsibly, with transparency and trust.
- Resident-Centred Design - this means that we will co-create services with local communities so that we can focus on real needs, lived experiences, and accessibility.
- Data-Driven and Agile - this means that we will use data insights to improve and personalise services, all the time testing, learning, and adapting quickly to what works
- Investing in Our People - this means that we will equip staff with skills, tools, and support to succeed. We will create a culture of learning, growth, and shared success.

- Strong Governance - this means that we will align change with Redbridge's long-term goals and ensure clear leadership, accountability, and impact.

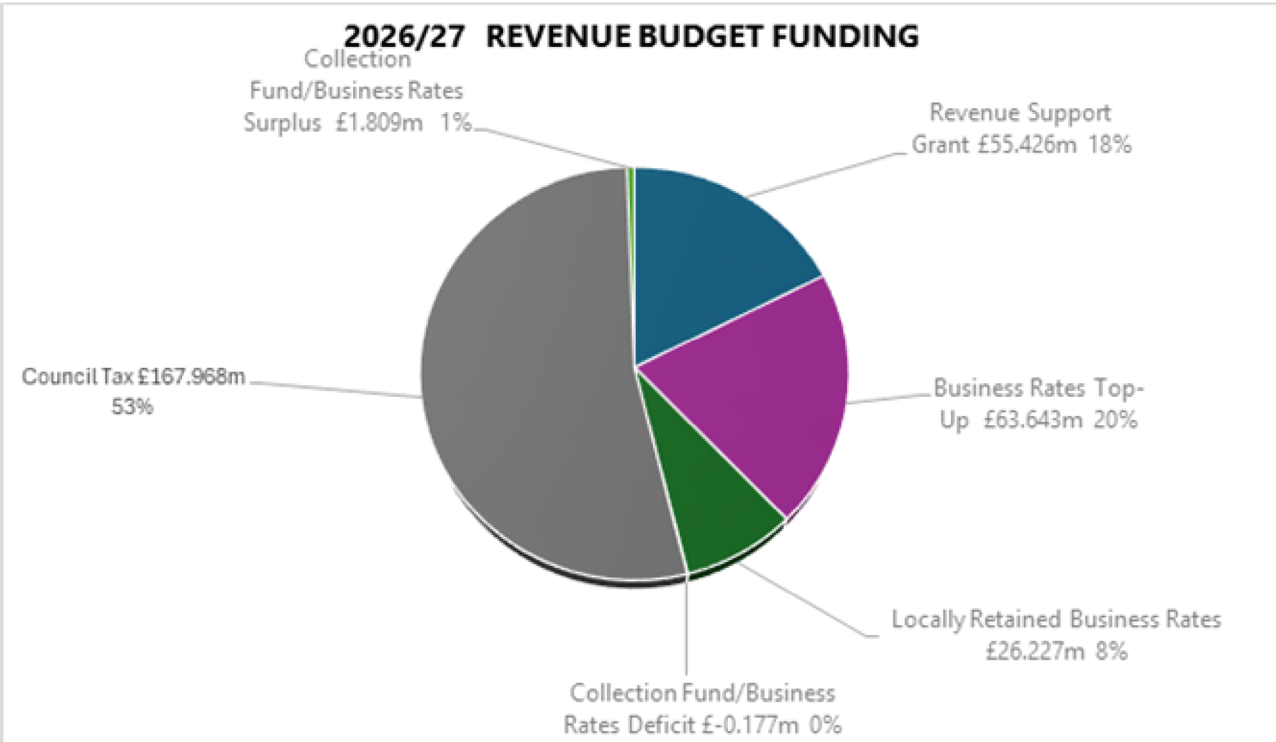
Setting the budget

For 2026/27, 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 £1,699.29 to £1,784.07. Overall, including the GLA precept of £510.51, the total Council Tax for a Band D property will be £2,294.58.

Revenue Budget Funding 2026/27

The Net Revenue Budget for 2026/27 is £314.896m. Council Tax remains the largest source of funding for the 2026/27 financial year, making up 53% of core funding. Business Rates, including Locally Retained Business Rates and Top Up Grant, make up approximately 29%, with the remaining 18% made up from grant funding from Government.



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 but more recently the escalation of global tensions and the Cost of Living Crisis are more significant influences. Interest rates are still high by recent standards, and inflation, whilst reduced from recent levels, is volatile. Key risks in relation to the Council's finances include:

Redbridge Recovery Plan

Now that the Council has applied for Exceptional Financial Support (EFS) to support its financial sustainability in the short term, it is critical that the Redbridge Recovery Plan is delivered. This will enable the authority to remove reliance on EFS within the three-year timeframe. The success of the Modernisation programme will be the key driver of this Recovery Plan. Any change programme of this nature and magnitude contains delivery and timing risks.

The Redbridge Recovery Plan will look to return the Council to financial stability and sustainability over the three-year period 2026/27 to 2028/29. The Plan will be overseen by the Redbridge Recovery Board (RRB) comprising senior officers and external advisors.

The plan will encompass the full range of Council efficiency and financial sustainability activities and, in particular, on the delivery of the recommendations in the CIPFA and LGA Peer Review reports, activities within the Modernisation programme, and savings from a series of financial strategies.

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 previously. Despite the headline rate of inflation falling, it only represents a slowing of price increases, not prices becoming cheaper. Residents therefore continue to experience the high cost of living, potentially leading to higher demands on the Council. Whilst any mitigation by the Council can only be partial, the Council's increasing focus on prevention through its Reducing Poverty strategy is designed to reduce its impact.

Funding Levels

The 2026/27 financial year marks a substantive shift with the introduction of the Government's Local Government Finance Policy Statement for 2026/27–2028/29 and the associated multi-year Core Spending Power envelope. This represents the first meaningful move away from one-year settlements since the early 2010s. While councils will still receive annual confirmations through the provisional and final settlements, the policy statement provides indicative funding levels for three years, giving authorities far greater stability and allowing for more credible and deliverable MTFS planning. Multi-year indicative allocations enable councils to understand the trajectory of grant funding, council tax flexibilities and distributional changes ahead of time, reducing reliance on reactive measures.

However, while multi-year indicative planning marks a notable improvement, funding levels remain tight and insufficient to meet the full extent of national and local pressures. Demand in adults' and children's social care, homelessness, and SEND continues to rise at a rate significantly above general inflation. Even with the additional resources included in the 2026/27 settlement, Redbridge faces structural deficits that require yet more sustained savings, transformation and demand management to maintain financial stability over the medium term. The return to multi-year planning therefore provides greater certainty, but not sufficient fiscal headroom.

Delivery of Agreed Savings

The capacity to deliver already approved savings continues to remain a significant risk. To mitigate the effect of this, regular monitoring and reporting takes place. Non-achievement of in-year savings should result in compensating reductions in planned spending within services. 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. Additional measures are being put in place for 2026/27, embodied in a new budget playbook, following two years of material overspends and an internal audit review. These include increased spending controls, pre-planned mitigations against potential projected overspends, and a sharper focus on the costs of commissioning and third-party contract expenditure.

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

There are significant cost pressures arising from changing demographics and a growing population leading to increasing demand for Adults' and Children's Social Care and pressures on temporary accommodation. It also must be noted that the Borough's growing population places significant pressures on all services across the Council. Care has therefore been taken to ensure that demand projections are covered by the budget for 2026/27, while the Council implements its modernisation plans towards longer-term financial sustainability.

Financial Resilience

As is set out in more detail in the Budget Report to Council in March 2026 (section 4.27 onwards), the Council has been left with no option but to apply for Exceptional Financial Support (EFS) for three years from 2026/27 to 2028/29 inclusive. It is only through this additional flexibility that the authority can bridge the residual budget gap, fund the major transformation required for our Redbridge Recovery Plan and rebuild General Fund balances and financial resilience.

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

The new three-year settlement allows more certainty to plan for the medium term. The table below shows that Redbridge's MTFS is balanced for the next three years after applying the EFS requested. There are currently budget gaps in 2029/30 and 2030/31.

The plan shows the gap both with and without an assumed 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 2026/27-2030/31

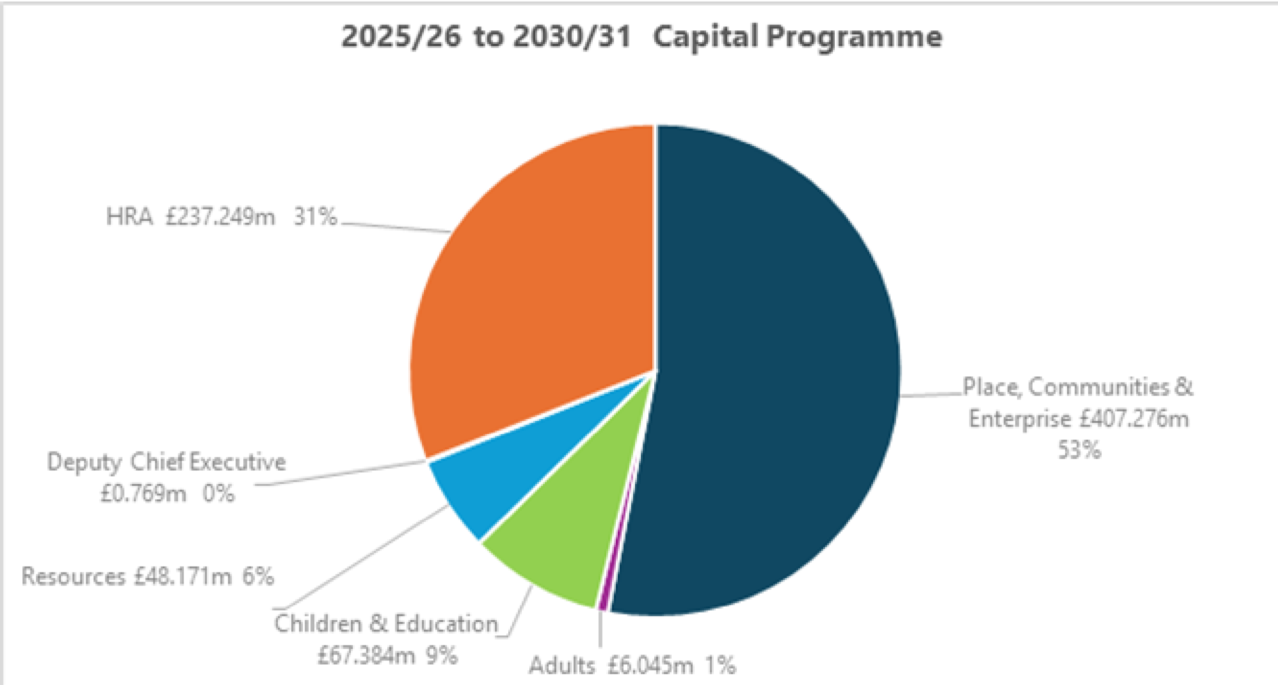
	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Net Budget Requirement	314.896	362.725	380.612	428.903	411.940
Total Income from Grants & Council Tax	(314.896)	(346.586)	(367.761)	(368.261)	(368.761)
Budget Gap – March 2026	**-**	**16.140**	**12.850**	**60.642**	**43.179**
Budget Gap (Cumulative)	**-**	**16.140**	**28.990**	**89.632**	**132.811**

If full Council Tax is taken in all years, the gap is revised as follows:

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Net Budget Requirement	314.896	362.725	380.612	428.903	411.940
Total Income from Grants & Council Tax	(314.896)	(354.993)	(376.613)	(377.579)	(378.569)
Revised Budget Gap – March 2026	**-**	**7.733**	**3.999**	**51.324**	**33.371**
Revised Budget Gap (Cumulative)	**-**	**7.733**	**11.732**	**63.056**	**96.428**

Capital Programme 2025/26 to 2030/31

The Council's capital programme and financing for 2025/26 - 2030/31 is summarised below, totalling £766.893m, which has been approved by Council in March 2026.



Continuing Investment in Services in Redbridge

Redbridge continues to invest in its services for Adults' and Children's Social Care and Homelessness, Roads and Highways, Leisure and delivering Infrastructure. Investments in facilities in the borough are part of place shaping to continue to improve the borough for the benefit of our residents and to secure its vibrant future.

The budget for 2026/27 sets out how Redbridge will continue with its ongoing savings programme, which is necessary to find funds for ongoing increases in demand for services that protect the most vulnerable in the community, along with inflationary cost increases, which continue to be significant this year. This continues the general approach from previous years which sees Redbridge needing to redirect money to meet demand in high-need services such as Adult Social Care and Homelessness.

Redbridge has one of the most diverse populations in the country. It is being impacted by increased demand for Adult Social Care; homelessness is high; there are challenges around tackling crime, particularly against women and girls; impacts of aging infrastructure; and threats of flooding. This situation has been exacerbated by high levels of inflation and interest rates, giving rise to an increasingly adverse impact on the lives of residents and operations of businesses and of the Council.

People still choose to make Redbridge their home to have a better life, including decent housing, green spaces, leisure and cultural services and good schools. The Council also recognises that residents prioritise getting the basics right. The residents budget consultation, which had 698 responses, resulted in the following key themes:

- Residents frequently use local parks for walking, exercise, family outings, mental wellbeing, and socialising. Parks such as Valentines, Fairlop Waters, Hainault Forest, Clayhall, Wanstead, and Seven Kings are mentioned repeatedly. Many responses emphasised the importance of green spaces for physical and mental health, community cohesion, and biodiversity.

- A recurring concern is the prevalence of litter, fly-tipping, and poorly maintained streets and pavements. Residents call for more bins, regular cleaning, and stricter enforcement.

- Many respondents express concerns about rising crime, anti-social behaviour, and lack of visible police presence. Suggestions include more patrols, CCTV, and community wardens.

- Most respondents support investment and regeneration, especially if it improves amenities, supports vulnerable groups, and revitalises neglected areas.

- There is a strong desire for improved social services, day centres, accessible facilities, and support for families with special educational needs and disabilities, including requests for more youth clubs, adult activities, and inclusive events to combat loneliness and promote wellbeing

- Residents recognised the importance of funding social care, education, environment, highways, leisure, public protection, and transport.

- Residents want clearer communication, more consultation, and visible action on issues that matter to them.

The Council is continuing to make significant progress in delivering the objectives outlined in the Redbridge Plan 2022-2026. Details of the Council's successes are set out in the section marked 'Key Successes' earlier in this Narrative Report.

Capital Investment

Notwithstanding the fiscal headwinds, the Council remains ambitious for Redbridge. Building on the success of the 600 Affordable Homes Programme, the Council will be looking to access monies through the Government's new 10-year £39 billion Social and Affordable Homes Programme (SAHP), with a view to bring even more socially affordable housing spread evenly across the borough.

Within the HRA, full provision has also been made to invest back into the Council's existing stock of homes to ensure they not only meet decent homes standards, but that the investment goes beyond that to improve and regenerate the wider estate environment.

It is investing back into the leisure estate to secure not only the reopening of valued sites at South Woodford Library, Fullwell Cross and the Kenneth More Theatre, but also their subsequent improvement. And provision is being made to bring a climbing centre and all-weather Pickle Ball courts to the borough.

Access to exercise, arts and culture is often a central plank to residents' physical and mental wellbeing. Combined with a vibrant and accessible voluntary and community sector, such services are a vital part of the health of the borough. As part of modernising the Council, there will be a coherent offer and holistic approach across services that prioritises community cohesion, community capacity and community resilience.

The Council continues to support some of the most vulnerable in the community with the continuing impact of the high cost of living. Interventions have included:

- Support for foodbanks and the Ilford Community Grocery;
- Support with energy and water costs;
- Support for housing costs; and
- Debt advice and cost of living events.

These interventions have so far been funded through the Household Support Fund and discretionary housing payments. The Government has replaced these with the Crisis and Resilience Fund from 2026/27, with Redbridge set to receive £4.604m each year across 2026/27 to 2028/29 for this purpose.

Life chances for residents also hinge on access to good quality jobs. The budget invests in the economic development of the borough through the continued regeneration of Ilford but also looking at the possibilities of the Elizabeth Line and Central Line Corridors. The economic development team works to attract, support and incentivise new and diverse businesses into the borough, and works through Work Redbridge and the Redbridge Institute to deliver the workforce for the future. Once again as part of modernising the Council, there will be a coherent offer that prioritises growth and prosperity for our residents and businesses.

It is through such investments that the Council demonstrates that it is open for business, that it maintains its welcome for residents and newcomers alike. It demonstrates a belief in Redbridge by the Council that will then attract incoming investment to regenerate the borough. It also brings facilities closer to residents, reducing reliance on the car to access, with public transport, cycling and walking being real options, meaning those on lower incomes are not excluded from accessing activities through the cost of travel to facilities further afield.

Key Risks and Controls

The London Borough of Redbridge has a structured Framework for Risk Management that has been designed to align with 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 a risk 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 current 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 Executive 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 Executive 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: 2025_26 Strategic Risk Register Q4. The top 10 strategic risks as published for quarter 4 2025/26 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 and 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 to be 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 making 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 shows confidence 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 2025/26 as required by statute and the CIPFA Code of Practice. In addition, governance arrangements and oversight are provided by the Governance and Assurance Committee who meet regularly throughout the year.

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.

Ian Ambrose
Director of Finance (Section 151 Officer)

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 Executive Director of Resources (Section 151 Officer) responsibilities

The Executive 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 2025/26 ('the Code').

In preparing this Statement of Accounts, the Executive 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 2026 and of its income and expenditure for the year then ended.

Ian Ambrose
Director of Finance (Section 151 Officer)

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.

2024/25					2025/26		
Gross Expenditure £'000	**Gross Income £'000**	**Net Expenditure £'000**		**Note**	**Gross Expenditure £'000**	**Gross Income £'000**	**Net Expenditure £'000**
170,207	(91,945)	78,262	Adults		176,353	(100,371)	75,982
479,021	(403,948)	75,073	Children's		504,080	(419,456)	84,624
175,741	(90,134)	85,607	Place, Communities and Enterprise		180,222	(99,691)	80,531
28,611	(11,023)	17,588	Deputy Chief Executive		23,603	(643)	22,960
110,315	(94,360)	15,955	Resources		88,156	(70,112)	18,044
11,016	(2,005)	9,011	Corporate		13,330	(759)	12,571
105,317	(38,499)	66,818	Local Authority Housing (HRA)		113,850	(41,958)	71,892
1,080,228	**(731,914)**	**348,314**	**Cost of Services**		**1,099,594**	**(732,990)**	**366,604**
31,271	(12,570)	18,701	Other Operating Expenditure	**9**	16,080	(6,762)	9,318
32,243	(8,305)	23,938	Financing and Investment Income and Expenditure	**10**	36,841	(27,215)	9,626
-	(279,600)	(279,600)	Taxation and Non-Specific Grant Income	**11**	-	(277,317)	(277,317)
1,143,742	**(1,032,389)**	**111,353**	**(Surplus) or Deficit on Provision of Services**		**1,152,515**	**(1,044,284)**	**108,231**
		79,016	(Surplus) or Deficit on Revaluation of Non-Current Assets	**25**			(29,611)
		(84,769)	Remeasurement of the defined benefit liability / (asset) net of asset ceiling adjustment	**37**			6,977
		(5,753)	**Other Comprehensive Income and Expenditure**				**(22,634)**
		105,600	**Total Comprehensive Income and Expenditure**				**85,597**

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 2025		(24,293)	(55,264)	(20,952)	(100,509)	(8,212)	(8,228)	(16,440)	(26,683)	(62,834)	(206,466)	(1,375,856)	(1,582,322)
Movement in reserves during 2024/25											-		-
(Surplus) or deficit on the Provision of Services		37,958			**37,958**	70,273		**70,273**	-	-	**108,231**	-	**108,231**
Other Comprehensive Income and Expenditure					**-**	-		**-**		-	**-**	(22,634)	**(22,634)**
Total Comprehensive Income and Expenditure		**37,958**	**-**	**-**	**37,958**	**70,273**	**-**	**70,273**	**-**	**-**	**108,231**	**(22,634)**	**85,597**
Adjustments between accounting basis & funding basis under regulations	**7**	301			**301**	(67,240)		(67,240)	(3,682)	13,983	**(56,638)**	56,638	**-**
Net (Increase) / Decrease before Transfers to Earmarked Reserves		**38,259**	**-**	**-**	**38,259**	**3,033**	**-**	**3,033**	**(3,682)**	**13,983**	**51,593**	**34,004**	**85,597**
Transfers to/(from) Earmarked Reserves		(21,821)	26,282	(4,461)	-	**(5,668)**	5,668	-		-	**-**	-	**-**
(Increase) / Decrease in 2025/26	**8**	**16,438**	**26,282**	**(4,461)**	**38,259**	**(2,635)**	**5,668**	**3,033**	**(3,682)**	**13,983**	**51,593**	**34,004**	**85,597**
Balance at 31 March 2026		**(7,855)**	**(28,982)**	**(25,413)**	**(62,250)**	**(10,847)**	**(2,560)**	**(13,407)**	**(30,365)**	**(48,851)**	**(154,873)**	**(1,341,852)**	**(1,496,725)**

	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 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													
Deficit on the Provision of Services (accounting basis)		55,215		-	55,215	**56,138**		**56,138**	-	-	**111,353**	-	**111,353**
Other Comprehensive Income and Expenditure		-			-	-		-	-	-	-	(5,753)	**(5,753)**
Total Comprehensive Income and Expenditure		**55,215**	-	-	**55,215**	**56,138**	-		-	-	**111,353**	**(5,753)**	**105,600**
Adjustments between accounting basis & funding basis under regulations	**7**	(37,085)			(37,085)	**(54,361)**		**(54,361)**	(8,998)	(5,772)	**(106,216)**	106,216	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves		**18,130**			**18,130**	**1,777**	-	**1,777**	**(8,998)**	**(5,772)**	5,137	**100,463**	**105,600**
Transfers to/(from) Earmarked Reserves		(19,282)	13,214	6,068	-	**(2,526)**	**2,526**	-	-	-	-	-	-
(Increase) / Decrease in 2024/25		**(1,152)**	**13,214**	**6,068**	**18,130**	**(749)**	**2,526**	**1,777**	**(8,998)**	**(5,772)**	**5,137**	**100,463**	**105,600**
Balance at 31 March 2025		(24,293)	(55,264)	(20,952)	(100,509)	(8,212)	(8,228)	(16,440)	(26,683)	(62,834)	(206,466)	(1,375,856)	(1,582,322)

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.

2024/25 £'000		Note	2025/26 £'000
1,924,504	Property, plant and equipment	**12**	1,905,257
88,094	Infrastructure Assets	**12**	92,188
91,123	Investment property	**13**	91,478
15,057	Intangible assets	**14**	26,584
17,360	Long-term investments	**22**	17,360
1,940	Long-term debtors	**22**	1,893
2,138,078	**Long-term assets**		**2,134,760**
310	Assets held for sale	**17**	481
107,283	Short-term investments	**22**	71,894
244	Inventories		244
72,788	Short-term debtors	**18**	100,762
46,694	Cash and cash equivalents	**19**	58,411
227,319	**Current assets**		**231,792**
(30,315)	Short-term borrowing	**22**	(66,719)
(22,977)	Cash and Bank Overdrawn	**19**	(27,698)
(150,833)	Short-term creditors	**20**	(151,715)
(3,876)	Current Provisions	**21**	(4,203)
(1,335)	Grants receipts in advance - Capital	**26**	(835)
(14,700)	Grants receipts in advance - Revenue	**26**	(8,851)
(224,036)	**Current liabilities**		**(260,021)**
(108,605)	Other Long-term Liabilities	**24**	(102,488)
(445,277)	Long-term borrowing	**22**	(502,161)
(5,157)	Provisions	**21**	(5,157)
(559,039)	**Long-term liabilities**		**(609,806)**
1,582,322	**Net assets**		**1,496,725**
(206,467)	Usable Reserves	**MiRS**	(154,874)
(1,375,855)	Unusable Reserves	**25**	(1,341,851)
(1,582,322)	**Total Reserves**		**(1,496,725)**

Ian Ambrose
Director of Finance (Section 151 Officer)

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.

2024/25 £'000		Note	2025/26 £'000
111,353	Net (surplus) or deficit on the provision of services		108,231
(191,488)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(90,740)
12,570	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		6,762
(67,565)	**Net cash flows from operating activities**		**24,253**
123,032	**Net cash flows from investing activities**		**64,770**
(55,474)	**Net cash flows from financing activities**		**(96,019)**
(7)	**Net (increase) or decrease in cash and cash equivalents**		**(6,996)**
23,710	Cash and cash equivalents at the beginning of the reporting period		23,717
23,717	**Cash and cash equivalents at the end of the reporting period**		**30,713**

Notes to the Accounts

1. Statement of Material Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. 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 2025/26 (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 at amortised cost are initially measured at fair value, but adjusted in respect of any transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument.. 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 at amortised cost are initially measured at fair value, but adjusted in respect of any transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument. 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 using the simplified approach 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 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 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. Capitalisation on Interest

The Council capitalises borrowing costs in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, which adopts the principles of IAS 23 Borrowing Costs. Capitalised interest is applied to qualifying Assets Under Construction (AUCs) where expenditure and borrowing costs are being incurred, and activities necessary to prepare the asset for its intended use are actively in progress. Interest will not normally be capitalised on feasibility studies, dormant or paused projects.

The annual capitalisation rate is based on the Council's weighted average cost of borrowing. The rate is applied to 100% of the value of active AUCs that remain under construction throughout the financial year, and to 50% of qualifying expenditure on new projects and projects completed during the year, reflecting the assumption that these are under construction for an average of six months.

Capitalisation ceases when the asset is ready for its intended use or where active development is suspended for an extended period. The policy is applied consistently across the Council's capital programme and reviewed annually.

xvi. 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.

xvii. 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.

xviii. 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 (further information about the impact of transition can be found in Note 28). The council has chosen to include right of use assets within PP&E on the face of the balance sheet (being the same line item as that within which the corresponding underlying assets would be presented if they were owned); and lease liabilities have been included within "Other long term liabilities" on the face of the balance sheet.

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.

xix. 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.

xx. 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.

xxi. 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. . However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1st April 1994, which was deemed at that time to be 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

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet 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. Any receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal, netted off against the carrying value of the asset at the time of disposal.

The written-off amounts of disposals are 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 transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

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.

xxii. 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.

xxiii. 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.

xxiv. 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.

xxv. 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.

xxvi. 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.

xxvii. 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.

xxviii. 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 (2025/26 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 2026 for which there are significant risks of material adjustment in the forthcoming financial year are as follows:

Arrears – At 31 March 2026, the Council had a balance of short-term debtors of £148.304m. A review of significant balances, which in general are based on polices adapted to historic experience and success rates of collection, suggested that an impairment allowance for doubtful debts of £47.542m 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 £1.4m.

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 £12m, 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 £12m 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 £1,905m net book value property, plant and equipment subject to valuation, the main elements are:

- £398m of council dwellings - these are valued as existing use value for social housing and are deemed to be less impacted by any material uncertainty.
- £1,119m of 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.
- £139m 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 £6.9m reduction in value.

The Council also holds Investment Properties valued at £91m at 31 March 2026, which are subject to an annual fair value revaluation adjustment. A change in value of +/- 5% would result in a valuation change of +/- £4.6m.

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.

Council as Lessee – Right-of-Use Assets and Lease Liability

Private Sector Lease contracts (PSLs) are generally entered into for a period of 3 years. On termination of the contract, the property is either leased for a further 3 years, returned to the landlord or moves onto a periodic/rolling 1-year contact in accordance with the Housing Act 1988.

Due to operational requirements, the Council is unlikely to return properties to the landlord outside of the formal contract period unless the landlord asks for the property's return. The calculation of the right-of-use asset and lease liability assumes that PSLs will be held for 3 years from the balance sheet date, irrespective of the remaining contract length or whether the property has moved onto a periodic/rolling 1-year basis.

Business Rates

In 2025/26, under the Business Rate Retention Scheme, the Council retains 30%, £17.138m (£15.963m 2024/25), of the business rates income it collects (see final paragraph below). Redbridge also receives a top-up of £35.586m (£35.927m 2024/25) 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 £9.018m, (£7.929m 2024/25) calculated using Valuation Office data and estimates of the likely success of remaining appeals based on reductions made to the 2017 & 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 £2.705m (comparable to £2.379m in 2024/25). 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 Director of Finance on 17th July 2026. 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 2026, 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.
During 2025/26 the authority undertook a restructure of the Directorates. The expenditure and funding analysis in the table below has been analysed accordingly.

Reconciliation of outturn to statutory requirements

2025/26 Directorate	Net expenditure per outturn £'000	Other Adjustments £'000	Transfers (to) / from earmarked General Fund reserves £'000	Net expenditure chargeable to General Fund & HRA £'000	Adjustment for capital purposes £'000	Pension adjustments £'000	Other Statutory adjustments £'000	Net Expenditure in the CIES £'000
Adults	111,458	(39,175)	254	72,536	4,209	(814)	51	75,982
Children and Education	67,797	(2,329)	10,294	75,762	12,697	(4,926)	1,091	84,624
Place, Communities and Enterprise	54,183	(449)	(925)	52,809	31,181	(1,613)	(1,845)	80,531
Deputy Chief Executive	22,733	(46)	425	23,112	132	(324)	40	22,960
Resources	13,539	594	478	14,611	4,424	(1,047)	55	18,044
Corporate	41	14,755	10,844	25,640	(13,068)	-	-	12,572
HRA	(2,636)	1,619	5,668	4,651	67,436	(204)	9	71,892
Cost of Services	**267,115**	**(25,031)**	**27,038**	**269,121**	**107,010**	**(8,929)**	**(599)**	**366,603**
Other Income and Expenditure	(253,311)	25,481	-	(227,830)	(28,694)	760	(2,608)	(258,372)
Deficit	**13,804**	**450**	**27,038**	**41,292**	**78,316**	**(8,169)**	**(3,207)**	**108,231**
-								
General Fund and HRA Balances as at 1 April				(116,950)				
General Fund and HRA Balances as at 31 March				**(75,658)**				

2024/25 Directorate	Net expenditure per outturn £'000	Other Adjustments £'000	Transfer to/(from) Reserve and other adjustments £'000	Net expenditure chargeable to General Fund £'000	Adjustment for capital purposes £'000	Pension adjustments £'000	Other adjustments £'000	Net Expenditure in the CIES £'000
Communities	38,806	517	(5,336)	33,987	24,398	455	(16)	58,824
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	8,130	150	(8)	26,089
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	664	9,011
HRA	1,778	(7,587)		(5,809)	72,610	20	(3)	66,818
Cost of Services	**249,202**	**(34,924)**	**3,074**	**217,352**	**132,364**	**(1,531)**	**129**	**348,314**
Other Income and Expenditure	(232,107)	34,660		(197,447)	(43,811)	4,735	(438)	(236,961)
(Surplus)/Deficit	**17,095**	**(264)**	**3,074**	**19,905**	**88,553**	**3,204**	**(309)**	**111,353**
-								
General Fund and HRA Balances as at 1 April				(136,855)				
General Fund and HRA Balances as at 31 March				**(116,951)**				

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

2024/25 £'000		2025/26 £'000
(131,763)	Fees, charges & other service income	(80,037)
(9,297)	Interest and investment income	(9,129)
(164,508)	Income from Council Tax, NDR	(176,884)
(724,831)	Government Grants and contributions	(766,791)
(1,990)	Gain & loss on disposal of non-current assets	(11,443)
(1,032,389)	**Total Income**	**(1,044,284)**
389,804	Employee expenses	416,524
527,284	Other Service Expenses	539,512
24,735	Interest and financing payment	22,446
181,228	Depreciation, amortisation and impairment	153,272
20,691	Precepts & Levies	20,761
1,143,742	**Total Expenditure**	**1,152,515**
111,353	**Surplus or Deficit on Provision of Services**	**108,231**

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.

	2025/26 £'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)	8,187	204				(8,391)
Premium from refinancing of debt (Financial Instrument Adjustment Account)	32					(32)
Council Tax and NDR (Collection Fund Adjustment Account)	(426)					426
Holiday Pay (Accumulated Absence Account)	(1,409)	(9)				1,418
Pooled Investment funds (Pooled Investment Revaluation Reserve)						
Other Adjustments	(272)					272
- Depreciation & Amortisation	(69,211)	(5,826)				75,037
- Revaluation losses on Property, Plant & Equipment	6,294	(83,748)				77,454
- Fair Value gains / losses on Investment Properties	(781)					781
- Revenue Expenditure Funded from Capital Under Statute	(5,917)					5,917
Total adjustments to revenue resources	**(63,522)**	**(89,379)**				**152,882**
Adjustments between revenue and capital resources						
Amounts of non-current assets written off on disposal & derecognition to CIES	1,680	(3,126)				1,446
Non-current asset sale proceeds from revenue to capital receipts	40	6,722	(6,762)			-
Administrative costs of non-current asset disposals						
Capital grants and contributions to capital grants unapplied	22,683	5,091			(27,774)	-
Posting of HRA resources from revenue to the major repairs reserve		5,826		(5,826)		-
Statutory provision for the repayment of debt (MRP)	36,906					(36,906)
Capital expenditure financed from the General Fund and HRA	2,495	7,626				(10,121)
Total adjustments between revenue and capital resources	**(63,804)**	**22,139**	**(6,762)**	**(5,826)**	**(27,774)**	**(45,581)**
Adjustments to capital resources						
Use of Capital Receipts to finance capital expenditure			3,080			(3,080)
Use of Major Repairs Reserve to finance capital expenditure				5,826		(5,826)
Application of grants and contribution to finance capital expenditure					41,757	(41,757)
Flexible use capital receipt						
Cash payments in relation to deferred capital receipts						
Total adjustments to capital resources	**-**	**-**	**3,080**	**5,826**	**41,757**	**(50,663)**
Total Adjustments	**282**	**(67,240)**	**(3,682)**	**-**	**13,983**	**56,638**

	General Fund Balance	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Movement in Unusable Reserves
	2024/25 £'000					
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	(30,742)	(72,568)	-		-	103,310
- Fair Value gains / losses on Investment Properties	(13,726)					13,726
- Revenue Expenditure Funded from Capital Under Statute	(6,839)		-		-	6,839
Total adjustments to revenue resources	**(112,552)**	**(78,377)**	**-**	**-**	**-**	**190,929**
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	32,149	14,582	-		(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	**77,060**	**24,016**	**(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	**(37,085)**	**(54,361)**	**(8,998)**	**-**	**(5,772)**	**106,216**

8. Transfers to/from Reserves and Balances

	31st March 2024 £'000	Transfers Out £'000	Transfers In £'000	31st March 2025 £'000	Transfers Out £'000	Transfers In £'000	31st March 2026 £'000
General Fund Balance	**23,141**	**-**	**1,153**	**24,294**	**(16,439)**		**7,855**
Earmarked Reserves							
Business Risk Reserve	**13,471**	(13,471)	-	**-**			
Insurance Fund Reserve	**10,474**	(699)	371	**10,146**	(1,084)	85	**9,147**
Business Rates Smoothing Reserve	**3,918**	(3,310)	665	**1,273**			**1,273**
Pension Fund Reserve	**6,000**	-	-	**6,000**	(6,000)		
Treasury Smoothing Reserve	**3,500**	-	-	**3,500**			**3,500**
Commercial Income Smoothing Reserve	**-**	-	-	**-**			
Operational Risk Reserve	**-**	-	217	**217**			**217**
Governance Reserve	**2,000**	(628)		**1,372**			**1,372**
Capital Reserve	**1,073**	-	-	**1,073**			**1,073**
Corporate Reserves	**4,637**	(562)	736	**4,811**	(782)	71	**4,100**
Service Directorate Reserves	**7,548**	(512)	6,958	**13,994**	(5,079)	3,927	**12,842**
Schools Balances	**27,020**	(7,956)	1,888	**20,952**	(3,380)	7,841	**25,413**
Dedicated Schools Grant	**7,272**	(1,782)	-	**5,490**	(14,624)		**(9,134)**
Total	**86,913**	**(28,920)**	**10,835**	**68,828**	**(30,949)**	**11,924**	**49,803**
Revenue Grants & Contributions Unapplied	8,584	(11,318)	10,122	**7,388**	(4,013)	1,216	**4,591**
Total	**118,638**	**(40,238)**	**22,110**	**100,510**	**(51,401)**	**13,141**	**62,250**
Housing Revenue Account							
HRA Balance	7,463		749	**8,212**	(2,054)	4,690	**10,848**
HRA Earmarked Reserve	10,755	(2,527)	-	**8,228**	(9,807)	4,139	**2,560**
Subtotal - HRA	**18,218**	**(2,527)**	**749**	**16,440**	**(11,861)**	**8,829**	**13,408**
Total	**136,856**	**(42,765)**	**22,859**	**116,950**	**(63,262)**	**21,970**	**75,658**

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

2024/25 £'000		2025/26 £'000
(1,990)	(Gain)/losses on the disposal of non-current assets	(11,443)
20,691	Levies	20,761
18,701	**Total**	**9,318**

10. Financing and Investment Income and Expenditure

2024/25 £'000		2025/26 £'000
20,000	Interest payable and similar charges	21,667
4,735	Net interest on the defined pension liability (asset)	779
(8,969)	Interest receivable and similar income	(9,129)
(328)	(Gains)/Losses on pooled investments	
(15,707)	Income and expenditure in relation to investment properties and changes in their fair value	(4,293)
507	Impairment Allowances	602
23,938	**Total**	**9,626**

11. Taxation and Non-Specific Grant Income

2024/25 £'000		2025/26 £'000
(149,412)	Council tax income	(159,746)
(15,096)	Non-domestic rates income	(17,138)
(68,362)	Non-ringfenced government grants	(72,660)
(46,730)	Capital grants and contributions	(27,773)
(279,600)	**Total**	**(277,317)**

12. Property, Plant and Equipment

During 2025/26, the Council identified approximately £6m of historic capital expenditure that had previously been incorrectly accounted for within an operational asset. The balance has been reinstated as an Asset Under Construction in the current year. The Council has not restated prior year comparatives as it considers this to be the most appropriate presentation in the circumstances.

	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 2025	**377,413**	**1,407,452**	**30,274**	**5,310**	**41,452**	**117,675**	**1,979,576**	**29,825**
Adjustments	0	6,077			41	6,076	**12,194**	
Recognition of Right of Use Assets on Transition								
Additions	16,583	65,760	1,472	491		31,280	**115,586**	**867**
Revaluation increases recognised in the Revaluation Reserve	3,018	51,137			99		**54,254**	
Revaluation (decreases) recognised in the Revaluation Reserve	(6,849)	(48,288)			(213)		**(55,350)**	**574**
Revaluation increases recognised in the Surplus/(Deficit) on the Provision of Services	3,748	8,982					**12,730**	
Revaluation (decreases) recognised in the Surplus/(Deficit) on the Provision of Services	(87,359)	(14,411)					**(101,770)**	
Derecognition GBV		(24,474)	(2,437)		(413)		**(27,324)**	
Disposal GBV			(162)				**(162)**	
Reclassified Assets	91,856	1,752	251		5,400	(114,232)	**(14,973)**	
At 31 March 2026	**398,410**	**1,453,987**	**29,398**	**5,801**	**46,366**	**40,799**	**1,974,761**	**31,266**
Accumulated Depreciation and Impairment								
At 1 April 2025		**(40,702)**	**(14,286)**	**(53)**	**(30)**		**(55,071)**	**(695)**
Adjustments		(10)					(10)	
Depreciation charge	(5,081)	(42,503)	(3,190)		(329)		**(51,103)**	**(971)**
Depreciation written out to the Revaluation Reserve	5,036	24,713			338		**30,088**	
Depreciation Upon transfer	45	14				(14)	**45**	
Depreciation upon derecognition		4,095	2,363		18			
Depreciation upon disposal			72				**72**	
Other movements								

At 31 March 2026		**(54,393)**	**(15,041)**	**(53)**	**(3)**	**(14)**	**(69,504)**	**(1,666)**
Net Book Value								
as at 31 March 2026	398,410	1,399,594	14,357	5,748	46,363	40,785	1,905,257	29,600
as at 1 April 2025	377,413	1,366,750	15,988	5,257	41,422	117,675	1,924,505	29,130

	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 2024	**344,804**	**1,369,933**	**38,594**	**16,111**	**37,296**	**130,543**	**1,937,281**	**41,031**
Adjustments	0	13,361	(79)	(11,982)	(7)	(1)	**1,292**	
Recognition of Right of Use Assets on Transition		137,344					**137,344**	**4,138**
Additions	17,445	46,801	1,021	944		66,982	**133,193**	**865**
Revaluation increases recognised in the Revaluation Reserve	51,720	62,921	0		6,000		**120,641**	
Revaluation (decreases) recognised in the Revaluation Reserve	(36,885)	(177,111)	-	-	(2,154)		**(216,150)**	**(16,209)**
Revaluation increases recognised in the Surplus/(Deficit) on the Provision of Services	7,410	943	0	0			**8,353**	
Revaluation (decreases) recognised in the Surplus/(Deficit) on the Provision of Services	(79,978)	(27,870)			(3,769)		**(111,617)**	
Derecognition GBV		(18,576)	(9,225)	(802)	-		**(28,603)**	
Disposal GBV			(244)				**(244)**	
Reclassified Assets	72,897	(294)	207	1,039	4,086	(79,849)	**(1,914)**	
At 31 March 2025	**377,413**	**1,407,452**	**30,274**	**5310**	**41,452**	**117,675**	**1,979,576**	**29,825**
Accumulated Depreciation and Impairment							-	
At 1 April 2024	**(202)**	**(1,780)**	**(20,104)**	**(7,550)**	**(19)**	**0**	**(29,655)**	**0**
Adjustments		(6,791)		6,802	1		12	
Depreciation charge	(5,510)	(41,264)	(3,480)	-	(65)		**(50,319)**	**(695)**
Depreciation written out to the Revaluation Reserve	5,687	9,023	0	0	98		**14,808**	
Depreciation upon derecognition			9,215	715			**9,930**	
Depreciation upon disposal	25		98				**123**	
Other movements		110	(15)	(20)	(45)		**30**	
At 31 March 2025	**-**	**(40,702)**	**(14,286)**	**(53)**	**(30)**	**-**	**(55,071)**	**(695)**
Net Book Value							0	
as at 31 March 2025	377,413	1,366,750	15,988	5,257	41,422	117,675	1,924,505	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

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:

2024/25 £'000		2025/26 £'000
133,206	Cost at start of the year	129,633
18,216	Additions	32,647
(21,789)	Disposals	(16,851)
129,633	**Cost at end of the year**	**145,429**
-	Accumulated amortisation at start of the year	(25,156)
(29,393)	Amortisation	(29,452)
4,237	Reverse amortisation on disposals	8,713
(25,156)	**Accumulated amortisation at end of the year**	**(45,895)**
104,477	**Balance at end of the year**	**99,534**

Fair Value Measurement of Surplus Assets

Details of surplus assets and information about the fair value hierarchy as at 31 March 2026, are as follows:

2024/25 Quoted price for similar assets in active market Level 2 £'000		2025/26 Quoted price for similar assets in active market Level 2 £'000
3,170	Surplus Buildings	4,724
38,252	Surplus Land	41,639
41,422	**Total**	**46,363**

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.

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

2024/25 £'000		2025/26 £'000
89,260	NBV at 1 April	88,094
9,922	Additions and Enhancement	14,572
(89)	Transfer	540
(10,999)	Depreciation	(11,018)
88,094	**Balance at 31 March 2026**	**92,188**

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 2025/26. 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		2,302	14,355	5,748		40,785	63,190
Valued at current value as at:							
31 March 2026	398,410	1,244,533			30,215		1,673,158
Indexed as at 31 March 2026		46,354			16,148		62,502
31 March 2025							
31 March 2024		5,336					5,336
31 March 2023		1,541					1,541
31 March 2022							
31 March 2021							
Net Book Value	**398,410**	**1,300,066**	**14,355**	**5,748**	**46,363**	**40,785**	**1,805,727**

Capital Commitments

As at 31 March 2026, the Council was committed to a number of capital projects amounting to £16,526m. Similar commitments at 31 March 2025 were £22.598m.

	2025/26 £'000	Year of completion
Regeneration		
Wanstead High School	4,433	2027/28
Swimming Pool at Wanstead	9,131	2027/28
Suffolk Court	324	2026/27
Loxford Lane	774	2026/27
RAAC	1,152	2026/27
Public Toilets in Parks and Open Spaces.	506	2026/27
The Spark	102	2026/27
Fairlop Waters	104	2026/27
	16,526	

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:

2024/25 £'000	Income & Expenditure	2025/26 £'000
(6,326)	Rental income from investment property	(7,101)
593	Direct operating expenses arising from investment property	2,027
13,726	Revaluation (gains) and losses	781
7,993	**Charge for the year**	**(4,293)**

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:

2024/25 £'000	Movement in fair value	2025/26 £'000
104,360	Balance at start of the year	91,123
489	Additions / Enhancement	31
(13,726)	Net gains/(losses) from fair value adjustments	(781)
	Transfers	1,105
91,123	**Balance at end of the year**	**91,478**

Fair Value Measurement of Investment Properties

Details of the investment properties and information on the fair value hierarchy as at 31 March 2026 are as follows:

Fair Value at 31 March 2025 £'000	Fair value measurement - Level 2	Fair Value at 31 March 2026 £'000
5,810	Land & Farm	5,545
14,920	Office Units	12,960
70,393	Commercial Units	72,973
91,123	**Total**	**91,478**

14. Intangible Assets

All intangible assets are given a finite useful life, based on assessments of the period that the software or Cloud Computing services are expected to be of use to the Council. 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.

2024/25 £'000		2025/26 £'000
	Balance at start year:	
20,796	Gross carrying amounts	24,908
(7,774)	Accumulated amortisation	(9,851)
13,022	**Net carrying amount at start of year**	**15,057**
4,897	Additions:	5,721
	Transfers	9,997
(46)	Derecognition of Cost	(3,372)
(2,862)	Amortisation for the period	(3,177)
	Backlog depreciation	(1,014)
46	Derecognition of Amortisation	3,372
15,057	**Net carrying amount at end of year**	**26,584**
	Comprising:	
25,647	Gross carrying amounts	37,993
(10,590)	Accumulated amortisation	(11,409)
15,057		**26,584**

15. Impairment Losses

During 2025/26 the Council has not identified any material impairment losses requiring recognition.

16. Private Finance Initiative

Oaks Park High School – Scheme Details

2025/26 was the 24th 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 PFI liability is remeasured each year to account 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:

2024/25 £'000		2025/26 £'000
41,031	Balance outstanding at the start of the year	29,130
4,138	Additions from remeasurement of the PFI liability	(775)
865	Additions from capital expenditure	867
(16,209)	Downwards revaluations	574
(695)	Depreciation	(971)
29,130		**28,825**

Estimated asset life 35 years

PFI Liability

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

2024/25 £'000		2025/26 £'000
(8,263)	Balance outstanding at the start of the year	(11,218)
(4,138)	Remeasurement of liability due to increase in unitary charge during the year *	775
1,183	Payments during the year	1,197
(11,218)	**Balance outstanding at year-end**	**(9,246)**
2024/25 £'000		**2025/26 £'000**
(1,283)	Current element of PFI liability	(1,297)
(9,935)	Non-current element of PFI liability	(7,949)
(11,218)	**Balance outstanding at year-end**	**(9,247)**

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 a downward remeasurement of £0.775m for 2025/26 (£4.138m in 2024/25). As the Code did not implement IFRS16 retrospectively, the upward remeasurement of the PFI liability & PFI asset for 2024/25 was calculated based on the unitary large uplift for the contract since payments were first made in 2003.

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 2026 (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	789	1,297	720	2,806
Repayable in 2 to 5 years	3,876	6,372	1,698	11,946
Repayable in 6 years	725	1,578	79	2,382
Total	**5,390**	**9,247**	**2,497**	**17,134**

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

2024/25 £'000		2025/26 £'000
8,933	**Balance at start of the year:**	310
71	Additions	5
	Assets newly classified as held for sale:	
2003	Property, Plant and Equipment	3,292
(10,697)	Assets sold	(3,126)
310	**Balance outstanding at year-end**	**481**

18. Debtors

2024/25 £'000		2025/26 £'000
3,626	Central Government Bodies	5,580
5,749	Other Local Authorities & NHS	8,464
	Other Debtors:	
22,821	Council Taxpayers	28,012
6,036	NDR Payers	7,103
3,554	Court Costs	4,142
17,369	Housing Tenants	16,545
4,850	Housing Benefit Recoveries	3,977
3,523	VAT	5,394
7,285	Payments in Advance	12,389
44,574	Other Entities & Individuals	56,698
119,387	**Total Gross Debtors**	**148,304**
	Less: Provision for Bad Debts	
(16,324)	Housing including Housing Benefit Overpayments	(13,677)
(18,468)	Council Tax	(20,682)
(4,841)	NDR	(5,381)
(6,966)	Other	(7,802)
(46,599)	**Total Provision for Bad Debts**	**(47,542)**
72,788	**Total Net Debtors**	**100,762**

Local Taxation Debtors

The net debtors for local taxation (Council Tax and Non-Domestic Rates) can be analysed by age as follows:

2024/25		2025/26
3,755	Council Tax - up to 1 year	5,484
599	Council Tax - more than 1 year	1,846
4,354	**Total**	**7,330**
866	NDR - up to 1 year	1,168
329	NDR - more than 1 year	554
1,195	**Total**	**1,722**

19. Cash and Cash Equivalents

2024/25 £'000		2025/26 £'000
	Cash held by the Authority:	
23,777	Bank Current Accounts	27,227
5,040	Bank Accounts - External	5,750
17,877	Short-Term Deposits	25,860
46,694	**Cash and Cash Equivalents**	**58,837**
(22,977)	Bank Accounts Overdrawn	(28,124)
23,717	**Total Cash and Cash Equivalents**	**30,713**

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

20. Creditors

2024/25 £'000		2025/26 £'000
(15,779)	Central Government	(17,123)
(8,131)	Other Local Authorities	(6,250)
(390)	NHS Bodies	(606)
	Other Creditors:	
(11,676)	Capital Creditors	(8,023)
(12,585)	Trade Creditors	(12,406)
(3,472)	Housing Prepayments	(3,459)
(9,615)	Income in Advance	(8,545)
(5,326)	Housing B&B	(5,216)
(9,376)	Council Tax	(10,137)
(48,002)	Other Entities	(54,412)
(26,481)	Finance Leases & PFI*	(25,536)
(150,833)	**Total Creditors**	**(151,715)**

* 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			
2025/26	**Insurance £'000**	**Other £'000**	**Business Rates Appeals £'000**	**Total £'000**	**Insurance £'000**	**Business Rates Appeals £'000**	**Social Care Provision £'000**	**Total £'000**
Balance at 1 April 2025	**(1,290)**	**(207)**	**(2,379)**	**(3,876)**	**(5,157)**	**-**	**-**	**(5,157)**
Additional provisions made	-	-	-	-	-	-		
Amounts used	-	-	-	-	-	(327)		(327)
Transfer to Current			(327)	(327)		327	-	327
Balance at 31 March 2026	**(1,290)**		**(2,706)**	**(4,203)**	**(5,157)**	**-**		**(5,157)**

	Current Provisions				Non-Current Provisions			
2024/25	**Insurance £'000**	**Other £'000**	**Business Rates Appeals £'000**	**Total £'000**	**Insurance £'000**	**Business Rates Appeals £'000**	**Social Care Provision £'000**	**Total £'000**
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)**

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:

2024/25 Non - Current £'000	2024/25 Current £'000	2024/25 Total £'000		2025/26 Non-Current £'000	2025/26 Current £'000	2025/26 Total £'000
	46,694	46,694	Cash and Cash Equivalents at amortised costs		58,411	58,411
	46,694	**46,694**	**Total Cash and Cash Equivalents**		**58,411**	**58,411**
	107,042	107,042	Investments at Amortised Cost		71,894	71,894
17,360	241	17,601	Fair Value through Profit and Loss	17,360		17,360
17,360	**107,283**	**124,643**	**Total Investments**	**17,360**	**71,894**	**89,254**
1,940	45,224	47,164	Debtors - Amortised Cost	1,893	59,459	61,352
1,940	**45,224**	**47,164**	**Total Debtors**	**1,893**	**59,459**	**61,352**
19,300	**199,201**	**218,501**	**Total Financial Assets**	**19,253**	**189,764**	**209,017**
	27,564	27,564	Non-Financial Assets - Debtors		41,303	41,303
19,300	**226,765**	**246,065**	**Total**	**19,253**	**231,067**	**250,320**

Financial Liabilities:

2024/25 Non - Current £'000	2024/25 Current £'000	2024/25 Total £'000		2025/26 Non - Current £'000	2025/26 Current £'000	2025/26 Total £'000
(359,171)	(28,554)	(387,725)	PWLB Amortised Cost	(415,971)	(64,920)	(480,891)
(86,106)	(1,761)	(87,867)	Market Loans and Bonds at amortised cost	(86,190)	(1,799)	(87,989)
(445,277)	**(30,315)**	**(475,592)**	**Total Amortised Cost**	**(502,161)**	**(66,719)**	**(568,880)**
(445,277)	**(30,315)**	**(475,592)**	**Total Borrowings**	**(502,161)**	**(66,719)**	**(568,880)**
-	(22,977)	(22,977)	Cash Overdrawn at amortised cost		(27,698)	(27,698)
(90,700)	(101,074)	(191,774)	Creditors and other Liabilities at Amortised Cost	(85,775)	(109,360)	(195,135)
(90,700)	**(124,051)**	**(214,751)**	**Total Creditors**	**(85,775)**	**(137,058)**	**(222,833)**
(535,977)	**(154,366)**	**(690,343)**	**Total Financial Liabilities**	**(587,936)**	**(203,777)**	**(791,713)**
(5,157)	(69,670)	(74,827)	Non-Financial Liabilities - Creditors and Others	(21,870)	(56,242)	(78,112)
(541,134)	**(224,036)**	**(765,170)**	**Total**	**(609,806)**	**(260,019)**	**(869,825)**

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 2026 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 2025 Fair value £'000	31 March 2026 Fair value £'000
Local Authorities Property Fund with CCLA	Level 3	Inputs other than quoted prices that are observable for the financial asset	17,360	17,360
Total			**17,360**	**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 2025-26 is 2.20%. The amortised cost value of the bond at 31 March 2026 is £77.8m. The bond is listed on the London Stock Exchange.

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:

2024/25 £'000		2025/26 £'000
20,000	Interest Expenses - measured amortised cost	22,268
20,000	**Total Expenses in Deficit/Surplus on the Provision of Services**	**22,268**
(8,969)	Interest Income for the financial assets measured at amortised cost	(8,911)
(8,969)	**Total Income in Deficit/Surplus on the Provision of Services**	**(8,911)**
(328)	(Gains)/Losses on revaluation for financial assets measured at FVPL	-
(328)	**(Gains)Losses on financial assets measured at fair value through profit and loss in Deficit/Surplus on the Provision of Services**	**-**
10,703	**Net Expense for the year**	**13,357**

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 2026. For the non-PWLB loans the fair value is calculated using the new loan rate based on market evidence on 31 March 2026. This involves using Level 2 inputs.

- Estimated ranged of interest rates at 31 March 2026 of 5.29% to 6.50% 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 2026, compared to the value of the loan portfolio on the open market.

2024/25 Carrying amount £'000	2024/25 Fair Value £'000		2025/26 Carrying amount £'000	2025/26 Fair Value £'000
(387,725)	(306,573)	Financial Liabilities at amortised cost - PWLB Loan	(480,891)	(394,710)
(87,867)	(84,550)	Financial Liabilities at amortised cost - Market Loans and Bonds	(87,989)	(84,724)
(22,977)	(22,977)	Cash Overdrawn	(27,698)	(27,698)
(101,074)	(101,074)	Short Term Creditors	(109,360)	(109,360)
(90,700)	(90,700)	Long Term Creditors	(85,775)	(85,775)
(690,343)	**(605,874)**	**Total Financial Liabilities**	**(791,713)**	**(702,267)**
46,694	46,694	Cash and Cash Equivalents	58,411	58,411
107,042	107,042	Investments held at amortised costs	71,894	71,894
17,601	17,601	Fair Value through Profit and Loss	17,360	17,360
45,224	45,224	Short Term Debtors	59,459	59,459
1,940	1,940	Long Term Debtors	1,893	1,893
218,501	**218,501**	**Total Financial Assets**	**209,017**	**209,017**

The fair value of bonds of within the Financial Liabilities at amortised cost – Market Loans and Bonds is a reasonable approximation of the carrying value of £77.8m. This is because bonds are index-linked to RPI. Cash flows are therefore based on market rates.

The fair value of PWLB loans at amortised cost using the premature repayment rate at 31 March 2026 is £416.1m (£327.3m at 31 March 2025) and for market loans and bonds at amortised cost it is £86.0m (£86.1m at 31 March 2025).

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

2024/25 Other significant observable Inputs Level 2 £'000		2025/26 Other significant observable Inputs Level 2 £'000
(306,573)	Financial liabilities at amortised cost - PWLB loan	(394,710)
(84,550)	Financial Liabilities at amortised cost - Market Loans and Bonds	(84,724)
(117,181)	PFI & Lease Liability	(85,775)
(97,570)	Other Financial Liabilities at Amortised Cost	(137,058)
(605,874)	**Total Financial Liabilities at Amortised Cost**	**(702,267)**
107,042	Investments at Amortised Cost	71,894
93,858	Financial Assets held at Amortised Cost	119,763
200,900	**Total Financial Assets at Amortised Cost**	**191,657**

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 2026 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 2025/26 Treasury Management %	% of Total Investment as at 31 March 2026 %
UK Government	100	
Local Authorities	85	62
Banks - Specified	80	
Money Market Funds - Specified	55	23
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	15

The asset class percentages are well within the limits prescribed in the Council’s Treasury Management Strategy for 2025/26.

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
Payments for services are either required in advance or due at the time the service is provided. Other debtors of £21,944k (£22,814k in 24/25) is the largest component of the financial instrument debtor balance of £59,459 (£47,575k in 24/25). The remaining balance is made up of various debtors and accruals totalling £37,515k (£23,033k in 24/25). Other debtors are analysed by age as follows:

2024/25 £'000	Aged Debtor Analysis	2025/26 £'000
14,970	Up to and including three months	7,920
2,074	Over three and up to six months	2,448
2,582	Six months to one year	3,682
9,928	Over one year	12,370
29,554	**Total**	**26,420**
(6,740)	Less: Impairment	(4,476)
22,814	**Total Other Debtors After Impairment**	**21,944**

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 2026 84.5% (81.5% as at 31 March 2025) of the Council's loans outstanding were with the PWLB and 15.5% 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 though 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 (the minimum cash balance is set at £30m 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 2026 £'000	Interest Outstanding as at 31 March 2026 £'000	Limit of projected Fixed Rate Borrowing %	% of Total Borrowing 31 March 2026 %
Less than one year	65,060	19,287	30	11
Between one and two years	61,711	15,816	45	11
Between two and five years	107,947	34,162	60	19
Between five and ten years	83,164	40,550	80	15
More than 10 years	250,997	100,647	100	44
Total	**568,879**	**210,462**		**100**

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	28,600	15,214	30	6
Between one and two years	30,650	13,609	45	6
Between two and five years	97,899	31,607	60	21
Between five and ten years	54,805	37,473	80	12
More than 10 years	263,636	107,823	100	55
Total	**475,590**	**205,726**		**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 2026, 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)	80,710
Increase in interest income on short-term investments (this would increase Financing & Investment Income and impact the Surplus or Deficit on Provision of Services)	1,437

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 2026/27 of a 1% increase in RPI above the rates currently projected for the next 5 years is £242k.

24. Other Long-Term Liabilities

2024/25 £'000		**2025/26 £'000**
(17,905)	Pension Fund Liability/Asset	(16,713)
(9,935)	PFI Liability	(7,949)
(80,765)	Lease Liability	(77,826)
(108,605)	**Total Other Long-Term Liabilities**	**(102,488)**

25. Unusable Reserves

2024/25 £'000		2025/26 £'000
(982,508)	Revaluation Reserve	(993,704)
(419,748)	Capital Adjustment Account	(375,215)
1,068	Financial Instruments Adjustment Account	1,036
(48)	Deferred Capital Receipts	(1)
17,905	Pensions Reserve	16,713
(1,115)	Collection Fund Adjustment Account	(689)
5,951	Accumulated Absences Account	7,370
2,640	Pooled investment adjustment account	2,640
(1,375,855)	**Total Unusable Reserves**	**(1,341,851)**

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.

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

2024/25 £'000	Revaluation Reserve	2025/26 £'000
(1,090,632)	**Balance at 1 April**	**(982,508)**
	Adjustment	(618)
(135,449)	Upward revaluation of assets	(84,344)
214,465	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	55,351
79,016	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services**	**(29,611)**
8,193	Difference between fair value depreciation and historical cost depreciation	6,766
20,915	Revaluation Reserve transferred to Capital Adjustment Account on Derecognition and Disposals	11,650
(982,508)	**Balance at 31 March**	**(993,703)**

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.

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

2024/25 £'000	Capital Adjustment Account	2025/26 £'000
(493,981)	**Balance at 1 April**	**(419,748)**
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
64,192	- Charges for depreciation and amortisation	75,040
103,310	- Revaluation losses on Property, Plant and Equipment	77,454
13,726	- Movements in the market value of Investment Properties	781
6,839	- Revenue Expenditure Funded from Capital Under Statute	5,917
10,580	- Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	1,446
(295,334)		**(259,110)**
(29,107)	Adjusting amounts written out of the Revaluation Reserve:	(18,416)
	Capital financing applied in the year:	
(1,993)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(3,080)
(5,632)	Use of the Major Repairs Reserve to finance new capital expenditure	(5,826)
(40,959)	Application of grants to capital financing from the Capital Grants Unapplied Account	(41,757)
(39,891)	- Statutory provision for the financing of capital investment charged against the General Fund balance	(36,906)
(6,832)	- Capital expenditure financed from the General Fund and HRA	(10,121)
(419,748)	**Balance at 31 March**	**(375,216)**

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.

2024/25 £'000	Financial Instrument Adjustment Account	2025/26 £'000
1,101	**Balance at 1 April**	**1,068**
(33)	Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	(32)
	Interest adjustment on staggered rate loans incurred in the year and charged to the Comprehensive Income and Expenditure Statement	
1,068	**Balance at 31 March**	**1,036**

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.

2024/25 £'000	Deferred Capital Receipts Reserve	2025/26 £'000
(62)	**Balance at 1 April**	**(48)**
14	Transfer to the Capital Receipts Reserve upon receipt of cash	47
(48)	**Balance at 31 March**	**(1)**

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.

2024/25 £'000	Pension Reserve	2025/26 £'000
99,470	**Balance at 1 April**	**17,905**
(148,250)	Actuarial gains and (losses) on pensions assets and liabilities	(24,785)
63,481	Actuarial asset ceiling adjustment	31,762
31,860	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	21,430
(28,656)	Employer's pension contributions and direct payments to pensioners payable in the year	(29,599)
17,905	**Balance at 31 March**	**16,713**

The actuarial asset ceiling adjustment is explained in note 37.

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.

2024/25 £000		2025/26 £000
(1,669)	**Balance at 1 April**	**(1,114)**
555	Amount by which Council Tax and non-domestic rate income credited to the Comprehensive and Expenditure Statement is different from Council Tax and non- domestic rate income calculated for the year in accordance with statutory requirements	426
(1,114)	**Balance at 31 March**	**(689)**

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 2026. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2024/25 £'000	Accumulated Absences Account	2025/26 £'000
6,486	**Balance at 1 April**	**5,951**
(6,486)	Settlement of accrual made at the end of the preceding year	(5,951)
5,951	Amounts accrued at the end of the current year	5,951
(535)	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	**(1,419)**
5,951	**Balance at 31 March**	**7,370**

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.

2024/25 £'000	Pooled Investment Account	2025/26 £'000
2,968	**Balance at 1 April**	**2,640**
(328)	Movements in reserve	0
2,640	**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 2025/26:

2024/25 £'000		2025/26 £'000
	Credited to Taxation and Non-Specific Grant Income	
(46,396)	Recognised Capital Grants and contributions	(27,774)
(35,927)	Business Rates Top-Up Grant	(35,586)
(18,125)	NDR S.31 Compensation Grant	(16,766)
(12,338)	Revenue Support Grant	(13,278)
(1,308)	Other Non-Ring Fenced Grants	(7,030)
(114,093)	**Total**	**(100,434)**
	Credited to Services	
(85,371)	Department of Work & Pensions	(66,861)
(48,629)	Department of Health Social Care & CCG	(44,970)
(373,218)	Department for Education	(429,561)
(22,814)	Department for Levelling Up, Housing & Communities - Social Care Grants	(27,113)
(86,090)	Other Miscellaneous Grants	(97,852)
(616,122)	**Total**	**(666,357)**

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.

2024/25 £'000		2025/26 £'000
	Revenue Grants and Contributions Unapplied	
(2,670)	Children's Services Grant	(2,259)
(2,850)	Department for Levelling Up, Housing and Communities	(745)
0	Department of Work and Pensions (DWP)	
(1,767)	Other Revenue Grants & Contributions	(1,457)
(7,287)	**Total**	**(4,461)**
(101)	Section 106	(130)
(7,388)	**Total**	**(4,591)**

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:

2024/25 £'000		2025/26 £'000
	Capital Grants - Receipts in Advance	
(1,335)	GLA Grant	(835)
(1,335)	**Total**	**(835)**
	Revenue Grants - Receipts in Advance	
(9,093)	Housing benefit grant received in advance	(2,173)
(5,607)	Miscellaneous grants received in advance	(6,083)
(14,700)	**Total**	**(8,256)**

27. Disclosure of Deployment of Dedicated Schools Grant in 2025/26

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 2025/26:

2024/25 £'000		Central Expenditure £'000	Individual schools budget £'000	2025/26 £'000
398,558	Final DSG for current year before academy and high needs recoupment			435,254
(90,946)	Less: Academy and high needs figure recouped for current year			(97,142)
307,612	**Total DSG after academy and high needs recoupment for 2025/26**			**338,112**
7,272	Plus: Brought forward from previous year			5,490
	Less: Carry-forward to future year agreed in advance			
314,884	**Agreed initial budgeted distribution in Current year**	**16,661**	**326,941**	**343,602**
1,113	In-year adjustments		694	694
315,997	**Final budget distribution for current year**	**16,661**	**327,635**	**344,296**
16,937	Less: Actual central expenditure	17,010		17,010
293,570	Less: Actual ISB deployed to schools		336,420	336,420
	Plus: Local authority contribution for 2025/26			
5,490	**In-year carry forward to 2026/27**	**(349)**	**(8,785)**	**(9,134)**
	Carry-forward to 2025/26 agreed in advance			
5,490	Carry-forward to 2025/26 agreed in advance			
	DSG unusable reserve at the end of 2024/25			
	Addition to DSG unusable reserve at the end of 2025/26			(9,134)
	Total of DSG unusable reserve at the end of 2025/26			(9,134)
5,490	**Net DSG position at the end of 2025/26**			**(9,134)**

28. Leases

The Council as Lessee

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

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					2025/26			
PSLs £'000	B&Bs & HMOs £'000	Other Property Leases £'000	Total £'000		PSLs £'000	B&Bs & HMOs £'000	Other Property Leases £'000	Total £'000
(14,954)	(10,002)	(1,256)	(26,212)	Not later than one year	(16,610)	(6,431)	(1,198)	(24,239)
(28,907)	(10,522)	(5,058)	(44,487)	Later than one year and not later than five years	(30,946)	(7,630)	(5,401)	(43,977)
		(35,264)	(35,264)	Later than five years			(33,849)	(33,849)
(43,861)	**(20,524)**	**(41,578)**	**(105,963)**	**Total**	**(47,556)**	**(14,061)**	**(40,448)**	**(102,065)**

Forecast future lease payments are as follows:

2024/25					2025/26			
PSLs £'000	B&Bs & HMOs £'000	Other Property Leases £'000	Total £'000		PSLs £'000	B&Bs & HMOs £'000	Other Property Leases £'000	Total £'000
15,519	11,064	3,224	29,807	Not later than one year	18,092	6,992	3,223	28,307
46,242	11,352	12,317	69,911	Later than one year and not later than five years	47,356	19,356	12,706	79,418
		51,049	51,049	Later than five years			47,983	47,983
61,761	**22,416**	**66,590**	**150,767**	**Total**	**65,448**	**26,348**	**63,912**	**155,708**

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		2025/26 £'000
2,264	Lease interest – PSLs	2,050
1,252	Lease interest – B&B & HMOs	742
2,014	Lease interest – Other Property Leases	1,960
5,530	**Total**	**4,752**

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 on RPI.

2024/25 £'000		2025/26 £'000
	Finance lease debtor (net present value of minimum lease payments):	
1	Current	1
1,893	Non-current	1,892
1,894	**Finance lease debtor**	**1,893**
8,542	Finance lease income receivable over the remaining contract term	8,440
10,436	**Gross Investment in the lease**	**10,333**

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

	Minimum Lease Payments		**Finance Lease Payments**	
	2024/25 £'000	**2025/26 £'000**	**2024/25 £'000**	**2025/26 £'000**
Not later than one year	102	102	212	221
Later than one year and not later than five years	409	409	879	938
Later than five years	9,924	9,822	47,840	48,871
Total undiscounted receivables	**10,435**	**10,333**	**48,948**	**50,029**

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.

2024/25 £'000		2025/26 £'000
539,056	**Opening Capital Financing Requirement**	**718,952**
137,344	Adjustment for Right of Use Assets	103,702
676,400	**Revised CFR as at 1 April**	**822,654**
	Capital Investment	
114,977	Property, Plant and Equipment	82,939
9,922	Infrastructure Assets	14,572
489	Investment Property	31
4,897	Intangible Assets	5,721
71	Assets held for Sale	5
6,839	Revenue Expenditure Funded from Capital Under Statute	5,917
1,593	Flexible use of capital receipt	
664	Finance lease & PFI recognised in year	17,966
139,452		**127,151**
	Source of Finance	
(1,993)	Capital Receipts to fund the capital programme	(3,080)
(40,959)	Government Grants and Other Contributions	(41,756)
(1,593)	Capital Receipts for flexible use	
	Sums set aside from revenue	
(6,832)	Direct Revenue Contributions	(10,121)
(5,632)	Major Repairs Allowance	(5,826)
	Debt repayment	
(12,120)	Minimum Revenue Provision (MRP)	(13,069)
(27,771)	MRP PFI and Finance Lease	(23837)
(96,900)		**(97,689)**
718,952	**Closing Capital Financing Requirement**	**748,414**
	Explanation of movements in year:	
81,779	Increase in underlying need to borrow (unsupported by government financial assistance)	48,402
(39,891)	Statutory Provision for repayment of debt	(36,906)
137,344	Right of use asset opening figures adjustment	-
664	Assets acquired under PFI/Service Concession Arrangements	17,966
179,896	**Increase/(decrease) in Capital Financing Requirement**	**29,462**

30. Termination Benefits

The Council agreed to terminate the contracts of a number of employees in 2025/26 of which 34 related to officers and 28 related to school staff (13 officers and 3 schools in 2024/25).

2024/25					2025/26			
Number of Compulsory Redundancies	Number of other departures agreed	Total number of exit packages in 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 in by cost band	Total cost of exit packages in each band £'000
-	11	11	79	£0 - £20,000	22	21	43	212
-	1	1	32	£20,001 - £40,000	8	7	15	413
-	1	1	41	£40,001 - £60,000	1	-	1	59
-	-	-	-	£60,001 - £80,000	-	1	1	68
-	1	1	93	£80,001 - £100,000	-	-	-	-
1	1	2	132	£100,001 - £150,000	-	-	-	-
-	-	-	-	£150,001 - £200,000	1	-	1	174
-	-	-	-	£250,001 - £300,000	1	-	1	277
1	**15**	**16**	**377**	**Total**	**33**	**29**	**62**	**1,203**

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 2025/26
			£	£	£
Chief Executive	**Claire Hamilton**		204,537	39,067	**243,604**
Deputy Chief Executive		**1**	48,898	9,339	**58,237**
Director of Assurance and Monitoring Officer			118,854	22,701	**141,555**
Executive Director of Place, Communities and Enterprise	**Steve Moore**	**2**	85,000	16,235	**101,235**
Executive Director of Resources		**3**	121,798	23,263	**145,061**
Executive Director of Children Services		**4**	26,667	5,093	**31,760**
Executive Director of Adult Services and Public Health		**4**	27,661	5,283	**32,944**
Corporate Director of Strategy	**Jullian Ellerby**	**5**	153,273	29,575	**182,848**
Director of Public Health	**Gladys Xavier**	**6**	139,386	20,044	**159,430**
Total			**926,074**	**170,600**	**1,096,674**

Notes

1. The postholder started in post on 18/12/2025

2. This post was covered by an interim Steve Moore up to 19th of September 2025 at a cost of £143,990. He has subsequently taken up the post on a permanent basis.

3. The postholder started in post in July 2025. The salary reflects what was earned in that period. Prior to that, the post was covered by an interim at a cost of £121,000

4. The The postholders started in post in February 2026. The salary reflects what was earned in that period. These posts were created with the previous position of Executive Director of People being split into two. This post was previously covered by interims at a cost of £291,341.48 with Elaine Redding costing £211,204

5. The postholder left the role in December 2025

6. The postholder left the role in March 2026

Post	Employee Name	Note	Total Remuneration	Pension Contributions	Total 2024/25
			£	£	£
Chief Executive	**Claire Hamilton**	**1**	15,276	2,918	**18,194**
Chief Executive	**Claire Symonds**	**1**	37,706	3,203	**40,909**
Corporate Director of Resources		**2**	72,709	12,379	**85,088**
Corporate Director of Resources	**Duncan Whitfield**	**2**	161,601		**161,601**
Corporate Director of Resources		**2**	106,908		**106,908**
Corporate Director of Strategy	**Julian Ellerby**		156,111	29,817	**185,928**
Corporate Director of Regeneration & Culture	**Mark Baigent**		156,111	29,817	**185,928**
Corporate Director of Communities		**3**	see below		
Corporate Director of People to January 2025	**Adrian Loades**	**4**	175,672	31,113	**206,785**
Corporate Director of People		**4**	51,920		**51,920**
Assistant Director - Assurance - Monitoring Officer			115,164	21,996	**137,160**
Director of Public Health	**Gladys Xavier**		135,060	19,421	**154,481**
Total			**1,184,238**	**150,664**	**1,334,902**

1. In 2024/25 the Chief Executive retired with effect from 1 May 2024. From May 2024 to March 2025 the role of Chief Executive has been covered by the Corporate Director of People and then by the Corporate Director of Strategy. The new Chief Executive started on 3 March 2025.

2. The Corporate Director of Resources left the Council 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 at a combined cost of £268,509.

3. The Corporate Director of Communities role has been covered by an Interim since the previous officer's departure 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. The Corporate Director was also interim Chief Executive following the retirement of Claire Symonds. Since January the role of Corporate Director of People has been covered by an interim 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:

2024/25					2025/26			
Officers	Teachers	VA Schools	Totals:	LBR Pay Bands	Officers	Teachers	VA Schools	Totals:
235	129	22	**386**	**£50,000 - £54,999**	205	121	17	**343**
162	110	23	**295**	**£55,000 - £59,999**	166	129	21	**316**
100	48	20	**168**	**£60,000 - £64,999**	105	79	25	**209**
50	45	11	**106**	**£65,000 - £69,999**	84	46	14	**144**
45	17	5	**67**	**£70,000 - £74,999**	27	31	10	**68**
27	15	4	**46**	**£75,000 - £79,999**	23	16	6	**45**
14	12	2	**28**	**£80,000 - £84,999**	17	7	5	**29**
13	5	3	**21**	**£85,000 - £89,999**	17	9	0	**26**
11	7	1	**19**	**£90,000 - £94,999**	10	6	3	**19**
9	10	2	**21**	**£95,000 - £99,999**	9	7	0	**16**
4	4	1	**9**	**£100,000 - £104,999**	6	6	2	**14**
4	1	0	**5**	**£105,000 - £109,999**	3	2	3	**8**
5	0	1	**6**	**£110,000 - £114,999**	0	2	0	**2**
3	1	1	**5**	**£115,000 - £119,999**	4	1	1	**6**
3	0	0	**3**	**£120,000 - £124,999**	2	1	0	**3**
2	1	0	**3**	**£125,000 - £129,999**	0	1	0	**1**
1	2	0	**3**	**£130,000 - £134,999**	0	0	0	**0**
2	0	0	**2**	**£135,000 - £139,999**	1	2	0	**3**
0	0	0	**0**	**£140,000 - £144,999**	1	0	0	**1**
0	0	0	**0**	**£145,000 - £149,999**	0	0	0	**0**
0	2	0	**2**	**£150,000 - £154,999**	1	0	0	**1**
2	0	0	**2**	**£155,000 - £159,999**	0	0	0	**0**
0	0	0	**0**	**£160,000 - £164,999**	0	1	0	**1**
1	3	0	**4**	**£165,000 - £169,999**	0	0	0	**0**
0	0	0	**0**	**£170,000 - £174,499**	0	0	0	**0**
0	1	0	**1**	**£175,000 - £179,999**	0	0	0	**0**
0	0	0	**0**	**£180,000 - £184,999**	0	1	0	**1**
0	0	0	**0**	**£185,000 - £189,999**	0	0	0	**0**
0	0	0	**0**	**£190,000 - £194,999**	0	1	0	**1**
0	0	1	**1**	**£195,000 - £199,999**	0	0	0	**0**
693	**413**	**97**	**1,203**	**Totals:**	**681**	**469**	**107**	**1,257**

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

2024/25 £'000		2025/26 £'000
1,166	Allowances	1,303
1,166	**Total**	**1,303**

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 2026 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 2025/26 is shown in Note 32.

During 2025/26 works and services to the value of £0.175m 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 Director of Finance received an honorarium payment of £11,571 in 2025/26 (£6,539.75 in 2024/25) 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 £20.267m (£19.933m in 2024/25).

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 £11.123m in 2025/26 (£9.964 m in 2024/25) 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 which has been extended until 2029, and during 2025/26 made payment of £7.338m (£6.219m in 2024/25).

Related Party Officers

Dhiresh 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 from 2019 to 2026.

Roding Homes Limited

In June 2019, the Council set up a wholly owned company called "Roding Homes Limited". The company was not operational from 2019 to 2026.

Other

During the financial year, the Council charged the Pension Fund £0.535m for expenses incurred administering the Pension Fund (£0.535m in 2024/25) and £0.122m for expenses incurred for investment services (£0.122m in 2024/25).

34. External Audit Costs

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

2024/25 £'000		2025/26 £'000
428	Fees payable to Ernst & Young LLP (EY) with regard to external audit services carried out by the appointed auditor for the year.	426
50	Fees payable to Ernst & Young LLP (EY) with regard to external audit services carried out by the appointed auditor for prior years.	
478	**Total**	**426**

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.

2024/25 Pooled Budget £'000		2025/26 Pooled Budget £'000
9,515	London Borough of Redbridge	9,862
3,014	Disabled Facilities Grant	3,014
14,657	NEL ICB (formally Redbridge CCG)	17,911
27,186	**Total**	**30,787**

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 2025/26 were as follows:

2024/25 Pooled Budget £'000	Equipment Pooled Fund	2025/26 Pooled Budget £'000
	Funding	
	Local Authority	
(1,223)	London Borough of Redbridge	(1,200)
(1,074)	London Borough of Havering	(1,166)
	Integrated Care Board (ICB)	
(738)	Redbridge	(842)
(732)	Havering	(655)
(729)	Barking and Dagenham	(903)
	NHS Trusts	
(763)	North East London NHS Foundation Trust	(832)
(78)	Barking, Havering and Redbridge University Hospital NHS Trust	(76)
(5,337)	**Total Funding**	**(5,674)**
5,337	Expenditure	5,674
5,337	**Total Expenditure**	**5,674**
-	**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 employer's contribution rate paid by Local Authorities. Valuations of the notional fund are undertaken every four years.

The Teachers Pension 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 2025/26, contributions amounting to £32.138m were paid by the Council to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 28.68% of pensionable pay. The figures for 2024/25 were £30.336m and 28.68%.

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 Teachers' 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 2025/26, the Council paid £0.022m to the NHS Pension Scheme in respect of former NHS staff retirement benefits, representing 23.78% of pensionable pay. The figures for 2024/25 were 0.025m and 23.78%.

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:

2024/25 £'000	Income and Expenditure statement	2025/26 £'000
	Cost of Services:	
26,888	Current Service Cost	20,300
237	Past Service Costs	351
-	Effect of Settlements	
	Financing and Investment Income and Expenditure	
48,545	Interest on Pension Scheme Liabilities	55,140
(43,810)	Expected return on scheme assets	(54,361)
31,860	**Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services**	**21,430**

2024/25 £'000		Note	2025/26 £'000
	Re-measurement of the defined benefit liability		
(14,944)	Return on assets excluding amounts included in net interest		51,197
155,214	Actuarial (losses)/gains arising from changes in financial assumptions		27,201
1,782	Actuarial (losses)/gains arising from changes in demographic assumptions		17,571
10,702	Other experience and actuarial adjustments		(71,184)
(67,985)	Change in effect of asset ceiling		(31,762)
84,769	**Total Post-Employment Benefit charged to the CIES**		**(6,977)**
	Movement in Reserves Statement:		
(31,860)	Reversal of net charges made to the Deficit on the provision of Services for post-employment benefits in accordance with the code		(21,430)
	Actual amount charged against the General Fund Balance for pensions in the year:		
26,534	Employer's contributions payable to scheme		27,441
2,122	Employer's discretionary contributions payable		2,158
81,565	**Retirement benefits payable to pensioners**		**1,192**

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:

2024/25 £'000	Pension Assets and Liabilities recognised in the Balance Sheet	2025/26 £'000
(889,249)	Present Value of Funded and Unfunded Obligations	(946,915)
939,329	Fair value of plan assets	1,029,949
50,080	**Sub-total**	**83,034**
(67,985)	Impact of asset ceiling	(99,747)
(17,905)	**Net liability arising from defined benefit obligation**	**(16,713)**

The Scheme is estimated to have a pension asset rather than a pension liability. The £16,713k net liability therefore represents only unfunded obligations. Unfunded obligations were £17,905k in 2024/25.

The Council has recognised an asset ceiling for the Scheme. A net asset can only be recognised where the

Council has the ability to recognise the benefit of this asset through either refunds of contributions, or reductions in future planned contributions. A refund of contributions is not available to the Council, and the Council's ability to recover the full economic benefit of its assets through a reduction in future contributions is limited because of the minimum funding requirement imposed on it by the Scheme's funding strategy.

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

2024/25 £'000	Reconciliation of fair value of the scheme assets	2025/26 £'000
916,177	**Opening fair value of scheme assets at 1 April**	**939,329**
	Expected return on scheme assets:	
43,810	Interest Income	54,361
(14,944)	Re-measurement gain/(loss)	51,197
26,534	Employer contributions	27,441
9,602	Contributions by scheme participants	9,395
-	Changes in other assumptions	(10,748)
(41,850)	Benefits paid	(41,026)
939,329	**Closing fair value of scheme assets at 31 March**	**1,029,949**

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

2024/25 £'000	Reconciliation of present value of the scheme liabilities	2025/26 £'000
1,015,647	**Opening balance at 1 April**	**889,249**
26,888	Current service cost	20,300
237	Past service costs	351
48,545	Interest cost	55,140
9,602	Contributions by scheme participants	9,395
	Remeasurement (gains)/losses:	
(155,214)	- change in financial assumptions	(27,201)
(1,782)	- change in demographic assumptions	(17,571)
(10,702)	- change in other assumptions	60,436
(41,850)	Benefits paid	(41,026)
(2,122)	Discretionary benefits	(2,158)
889,249	**Closing balance at 31 March**	**946,915**

The Local Government Pension Scheme's Asset Comprised

2024/25 £'000	The Scheme Assets comprise:	2025/26 £'000
	Property	
123,413	UK Property Unit Trusts	134,314
	Investment Funds and Unit Trusts	
550,358	Equities	608,874
190,472	Bonds	188,147
65,869	Infrastructure	74,831
-	Other	12,707
930,112	**Sub-total**	**1,018,873**
	Cash and Cash Equivalents	
9,217	Cash	11,076
939,329	**Total Assets**	**1,029,949**

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 31 March 2026.

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

2024/25	Mortality assumptions:	2025/26
	Longevity at 65 for current pensioners:	
21.2	Men	21.8
24.0	Women	24.4
	Longevity at 65 for future pensioners:	
22.0	Men	22.5
25.5	Women	25.6
	Other assumptions:	
2.80%	RPI Increases	3.00%
2.80%	CPI Increases	3.00%
2.80%	Rate of increase in salaries*	3.00%
2.80%	Rate of increase in pensions	3.00%
5.80%	Rate for discounting scheme liabilities	6.20%
53.00%	Take up option to convert some annual pension into retirement lump sum	53.00%

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.

2024/25			2025/26	
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
35,570	(35,570)	Longevity (increase or decrease by 1 year)	37,719	(37,719)
497	(497)	Rate of increase in salaries (increase or decrease by 0.1%)	446	(446)
14,292	(14,292)	Rate of increase in pension (increase or decrease by 0.1%)	12,867	(12,867)
14,387	(14,387)	Rate for discounting scheme liabilities (increase or decrease by 0.1%)	13,317	(13,317)

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 latest triennial valuation was completed as at 31 March 2026.

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 2027 is £18.468 million.

UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited)
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.

2024/25 £'000		2025/26 £'000
111,353	**Net (surplus) or deficit on the provision of services**	**108,231**
	Adjustments for non-cash movements	
(64,191)	Depreciation and Amortisation	(75,037)
(13,726)	Changes in fair value of Investment Properties	(781)
(103,310)	Impairment and downward valuations	(77,454)
(493)	Increase / decrease in impairment for bad debts	1,811
85	Increase / decrease in provisions	(327)
2,676	Increase / decrease in creditors	26,411
1,612	Increase / decrease in debtors	22,660
(118)	Increase / decrease in inventories	-
(3,204)	Adjustment for pension costs	8,391
(10,580)	Carrying amount of non-current assets sold or derecognised	(1,446)
(239)	Other non-cash items charged to the net Surplus or Deficit on the provision of services	5,032
(191,488)		**(90,740)**
	Adjustment for items that are Investing and Financing activities	
12,570	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	6,762
12,570		**6,762**
(67,565)	**Net cash flows from Operating Activities**	**24,253**
	The cash flows for Operating Activities includes the following items:	
(8,969)	Interest received	(9,129)
20,000	Interest paid	21,667
11,031	**Net cash flows from Operating Activities**	**12,538**

(b) Cash Flow Statement – Investing Activities

2024/25 £'000		2025/26 £'000
126,989	Purchase of property, plant and equipment, investment property and intangible assets	106,921
1,068,293	Purchase of short-term and long-term investments	1,103,536
(12,570)	Proceeds from the sale of property, plant and equipment, investment property	(6,762)
(1,059,680)	Proceeds from short-term and long-term investments	(1,138,925)
	Other receipts from investing activities:	
123,032	**Net cash flows from investing activities**	**64,770**

(c) Cash Flow Statement – Financing Activities

2024/25 £'000		2025/26 £'000
(95,466)	Cash receipts of short and long-term borrowing	(149,509)
11,476	Repayments of short-term and long-term borrowing	28,709
27,770	Cash payment relating to outstanding finance lease liability	23,836
	Other payments for financing activities:	
1,457	Council Tax and NNDR Debtors	-
(711)	Council Tax and NNDR Creditors	945
(55,474)	**Net Cash flows from financing activities**	**(96,019)**

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 period to 31 March 2027.

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 2026 shows a net worth of £1.496bn. 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 £7.8m and Earmarked Reserves, which currently exceeds £29m, 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 2026/27, a balanced net revenue budget of £314.896m has been approved, without reliance on general reserves for recurring expenditure. It is expected that the Council will set a balanced budget for 2027/28.

- **Medium Term Financial Strategy:** The latest MTFS to 2031/32 identifies a £96.428m 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 £684.232m 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.

2024/25 £'000		Notes	2025/26 £'000
	Expenditure		
10,262	Repairs and Maintenance		9,302
15,893	Supervision and Management		12,253
824	Rents, Rates, Taxes and Other Charges		2,721
78,243	Depreciation and impairment of fixed assets	6	89,574
95	Discretionary Housing Benefit		
105,317			**113,850**
	Income		
(32,893)	Dwelling Rents	1	(35,990)
(469)	Non-Dwelling Rents		(503)
(5,137)	Charges for Services and Facilities		(5,465)
	Contributions towards expenditure		
(38,499)			**(41,958)**
66,818	**Net Cost of HRA Services as included in the CIES**		**71,982**
	HRA share of the operating income and expenditure included in the CIES:		
(1,276)	Gain or (loss) on sale of HRA non-current assets		(3,595)
6,402	Interest payable and similar charges		9,258
(1,538)	Interest and investment income		(2,812)
197	Impairment Allowance		602
117	Pensions interest cost and expected return on pension assets		19
(14,582)	Capital grants and contributions receivable		(5,091)
56,138	**(Surplus) or Deficit for the year on HRA services**		**70,273**

Movement on the Housing Revenue Account Statement

2024/25 £'000			2025/26 £'000
(7,463)	**Balance as at 1 April**		**(8,212)**
56,138	Surplus or (Deficit) for the year on the HRA Income and Expenditure Statement		70,273
(54,361)	Adjustment between accounting basis and funding basis under statute	4	(67,241)
1,777	**Net (increase)/decrease before transfers to or from reserves**		**3,032**
(2,526)	Transfers (to) of from reserves	8	(5,668)
(749)	(Increase) / Decrease in year on the HRA		**(2,636)**
(8,212)	**Balance as at 31 March**		**(10,848)**

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 0.99% of rent was lost because of properties that were vacant (1.38% in 2024/25). The average rent for social housing stock (social and affordable housing) was £146.89 per week in 2025/26 and £139.85 per week in 2024/25.

2. Housing Stock

The Council is responsible for managing a Housing Revenue Account stock of 4838 properties at 31st March 2026 (4,674 at 31st March 2025). An analysis is shown below. The Council is also a freeholder of 2521 leased properties.

2024/25 Number		2025/26 Number
1,644	One or fewer Bedrooms	1,694
1,476	Two Bedrooms	1,532
1,428	Three or more Bedrooms	1,485
126	Sheltered Housing Units	127
4,674	**Total**	**4,838**

3. Rent Arrears

2024/25 £'000		2025/26 £'000
2,124	Arrears due from Current tenants	4,463
723	Arrears due from Former tenants	585
2,847	**Total**	**5,048**

4. Adjustments between accounting and funding basis

2024/25 £'000		Notes	2025/26 £'000
(78,243)	Depreciation and impairment on Fixed Assets	6	(89,574)
1,364	Gain or (loss) on sale of HRA non-current assets		3,749
(137)	HRA share of contributions to or from the Pension Reserve		204
(88)	Capital Receipts cost of sales		(154)
2,526	Capital expenditure funded by the HRA		7,626
14,582	Capital Grants and contributions receivable		5,091
	Impairment of Fixed assets		
3	Accumulated absences accrual		(9)
5,632	Posting of HRA resources from revenue to the Major Repairs Reserve	7	5,826
(54,361)			**(67,241)**
	Transfers (from) / to reserves		
(2,526)	Movement on earmarked reserves		(5,668)
(2,526)			**(5,668)**

5. Balance Sheet Value of HRA Assets

2024/25 £'000		2025/26 £'000
377,412	Dwellings	398,413
11,780	Other Land and Buildings	12,225
389,192		**410,638**

The vacant possession value of dwellings within the HRA as at 1 April 2026 was £1,594m (£1,511m as at 1 April 2025). The difference of £1,196m between the vacant possession value and the Balance Sheet value of dwellings (£398m) within the HRA represents the economic cost of providing council housing at less than open market value.

6. Depreciation and Impairment charges

Depreciation charges shown below reflect the economic consumption of HRA assets in 2025/26.

2024/25 £'000		2025/26 £'000
5,511	Depreciation Operational Assets - dwellings	5,081
164	Depreciation Operational Assets – other land and buildings	745
72,568	Impairment of fixed assets – dwellings and other land and buildings	83,748
78,243		**89,574**

The charge for impairment in 2025/26 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.

2024/25 £'000		2025/26 £'000
-	Balance Brought Forward	-
(5,508)	Major Repairs Allowance (MRA)	(5,081)
(124)	Non-dwellings depreciation	(745)
5,632	Capital Expenditure funded from the MRR	5,826
-	**Balance on the Major Repairs Reserves as at 31 March**	**-**

8. Movement in Earmarked Reserves

2024/25 £'000		2025/26 £'000
660	HRA - Quality of Life	
1,374	HRA - New Provision Receipts (admin RTB)	
376	HRA - IT Reserve	
	HRA - Former Tenants Arrears	90
58	HRA - Investment Reserve	5,578
50	HRA - Orchard Office Building Works	
9	HRA - Asbestos Works	
2,527	**Total**	**5,668**

9. HRA Capital Financing

2024/25 £'000		2025/26 £'000
76,168	Spend on Dwellings	33,259
1,311	Spend on Non-Dwellings	1,627
77,479	**HRA Capital Expenditure**	**34,886**
	Financed by:	
14,498	Government Grants	4,133
84	S106 Contributions	337
-	Contribution from Revenue	6,121
5,632	Net Contributions from Major Repairs Reserve	5,826
181	Capital Receipts - Other	275
2,526	Contribution from Other Reserves	5,668
1,555	Capital Receipts – RTB	2,805
53,003	Borrowing	9,721
77,479	**Total Funding**	**34,886**

10. Capital Receipts

2024/25 £'000		2025/26 £'000
	HRA Capital Receipts	
4,327	Properties	6,868
	Land and Garages	
4,327	**Total**	**6,868**

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

This statement 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 fund from taxpayers and distributions to the London Borough of Redbridge, the Greater London Authority (GLA) and Central Government of Council tax, non-domestic rates (NDR) and the business rate supplement (BRS). The element of the Collection Fund that relates to the Council has been consolidated with the Council's main accounts. The Accounts have been prepared on an accrual's basis.

Income and Expenditure Account

2024/25 Total £000		2025/26 Council Tax £000	2025/26 NDR £000	2025/26 BRS £000	2025/26 Total £000
	Income				
195,543	Council Taxpayers	207,662	-	-	207,662
554	General Fund Discretionary Relief Contribution	620	-	-	620
55,527	Income from Business Ratepayers	-	61,661	835	62,496
1,345	Transitional Protection– Central Government	-	61	-	61
252,969	**Total Income**	**208,282**	**61,722**	**835**	**270,839**
	Expenditure				
	Precepts:				
147,724	London Borough of Redbridge	158,005	-	-	158,005
43,027	Greater London Authority	45,597	-	-	45,597
	Business Rates:				
15,963	London Borough of Redbridge	-	17,742	-	17,742
20,478	Greater London Authority	-	21,882	829	22,711
17,559	Central Government	-	19,516	-	19,516
273	Costs of Collection	-	269	6	275
	Apportionment of previous years estimated collection fund surplus/(deficits):				
1,375	London Borough of Redbridge	2,167	(604)	-	1,563
1,259	Greater London Authority	631	(746)	-	(115)
1,007	Central Government	-	(665)	-	(665)
	Bad and Doubtful Debts				
5,825	Provisions	2,938	1,927	-	4,865
10	Write-offs	-	12	-	12
2,819	Provisions for appeals	-	1,089	-	1,089
257,319	**Total Expenditure**	**209,338**	**60,422**	**835**	**270,595**
(4,350)	**(Deficit)/Surplus for the year**	**(1,056)**	**1,300**	**-**	**244**
4,125	(Deficit)/Surplus bought forward at 1 April	**2,492**	**(2,717)**	**-**	**(225)**
(225)	**(Deficit)/Surplus carried forward at 31 March**	**1,436**	**(1,417)**	**-**	**19**
	Allocated to:				
1,114	London Borough of Redbridge	1,114	(425)	-	689
(425)	Greater London Authority	322	(507)	-	(185)
(914)	Central Government	-	(485)	-	(485)
(225)	**Total**	**1,436**	**(1,417)**	**-**	**19**

Notes to the Collection Fund

1. Council Tax

Council Tax is based partly on the valuation of domestic properties and is partly a Personal Tax with discounts for single occupiers. The Council set the level of Council Tax for 2025/26 at £2,189.67 for band D properties (this includes £490.38 on behalf of the Greater London Authority). On setting the level of Council tax for 2025/26, the number of band D equivalent properties in each band making up the Council Tax base was as follows:

2024/25 Number of Properties	Band	2025/26 Number of Properties
2,289	A	1,923
10,497	B	10,587
23,288	C	23,580
30,620	D	30,686
22,787	E	22,790
10,643	F	10,677
5,223	G	5,221
381	H	369
(1,863)	Council Tax base collection allowance adjustment	(1,898)
(1,846)	Allowance for estimated full value of exemptions (inc. disabled)	(1,647)
(10,745)	Local Authority Tax Support Scheme	(9,305)
91,274	**Total**	**92,983**

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 2025/26 were 49.9p for qualifying Small Businesses, with the standard multiplier being 55.5p for all other businesses.

The total rateable value for business premises as at the end of March 2026 was £171,693,578 (£172,544,544 as at 31st March 2025).

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. Transitional Protection Payments (TPP)

The Council receives TPP from Central Government to meet the cost of transitional relief for businesses. Transitional relief limits how much business rates can increase or decrease as a result of business rates revaluation.

5. 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 2026. As at 31 March 2026 a provision of £4.08m (£4.52m in 2024/25) was charged to the Collection Fund. The provision for appeals is provided for in proportion to the precepting shares. The Council's proportionate share of this provision is £2.70m (£2.38m for 2024/25).

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 2026

2024/25 £000		Notes	2025/26 £000
	Dealings with members, employers and other directly involved in the Fund.		
42,709	Contributions receivable	7	45,270
4,815	Transfers in	8	4,874
47,524			**50,144**
	Less:		
(46,291)	Benefits payable	9	(48,269)
(8,105)	Leavers	10	(10,292)
(54,397)			**(58,561)**
(6,872)	**Net additions/(withdrawals) from dealings with members**		**(8,417)**
(3,147)	**Management Expenses**	11	**(3,433)**
	Returns on Investments		
29,681	Investment income	12	29,856
1,669	Change in market value of investments	14(a)	87,688
31,350	**Net returns on Investments**		**117,544**
21,331	**Net increase/(decrease) in the Fund during the year**		**105,694**
1,033,803	**Net Assets of the scheme on 1 April 2025**		**1,055,134**
1,055,134	**Net Assets of the scheme on 31 March 2026**		**1,160,828**

Net Assets Statement as at 31 March 2026

2024/25 £000		Notes	2025/26 £000
150	Longer Term Investments		220
1,051,098	Investment Assets	13	1,150,879
1,051,248			**1,151,099**
4,330	Current Assets	18	10,644
(444)	Current Liabilities	18	(915)
1,055,134	**Net Assets of the Scheme on 31 March 2026**		**1,160,828**

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 22.

I certify that the Pension Fund Account and Net Assets Statement present a true and fair view of the income and expenditure in 2025/26 and the Pension Fund's financial position as at 31 March 2026.

Ian Ambrose
Director of Finance (Section 151 Officer)
17 July 2026

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 2026 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 2026 were: Mears Limited, Vision-Redbridge Culture & Leisure, Imagine Independence Ltd, Innovate, and Lewis & Graves.

As at 31 March 2026 the membership of the scheme was as follows:

Active Members	**On 31 March 2025**	**On 31 March 2026**
Redbridge Council	5,215	5,272
Scheduled Bodies	1,287	1,324
Admitted Bodies	90	75
TOTAL	**6,592**	**6,671**

Pensioners	**On 31 March 2025**	**On 31 March 2026**
Redbridge Council	4,955	5,141
Scheduled Bodies	172	197
Admitted Bodies	127	141
TOTAL	**5,254**	**5,479**

Deferred Members	**On 31 March 2025**	**On 31 March 2026**
Redbridge Council	7,303	7,676
Scheduled Bodies	1,169	1,253
Admitted Bodies	98	95
TOTAL	**8,570**	**9,024**

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 2025/26 financial year and its position as at 31 March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 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.

Following the actuarial valuation and schedule of employer contributions payments, the Pension Fund has reviewed its cashflow forecast to the end of March 2028 and is considered to have sufficient cash to meet its obligations to pay pensions without selling any investments. This is reviewed annually. Should investments be required to be sold because of negative cashflows or employers being unable to pay their contributions (which is not expected) the Pension Fund would have ready access to cash as 79.28% of the Fund's investments could be sold at short notice as at 31 May 2026.

Increased Market Volatility - The value of the Investment assets of the Fund changes on a daily basis, however the degree of volatility in global financial markets has increased because of continuing social and economic uncertainties created by the conflict in Ukraine. Despite this, the Fund remains in a strong financial position, capable of meeting all its payment obligations. The Funding Strategy is based on long term investment returns and as such, the increased volatility seen at present is not considered a material concern.

The bid value of the Fund's investment assets as at 31 March 2026 were £1,151.099m an increase of 9.10% in the value of the Fund's investment assets since 31 March 2025.

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 exchanges 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 Notes 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 projects 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 £41m.

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 £186.520m (£160.776 in 2024/25) and is broken down as follows:

Property	£57.880m
Infrastructure	£85.051m
UK Housing	£29.252m
Natural Capital	£14.117m
London CIV	£0.220m

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 2026 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.

		2024/25 £000	2025/26 £000
Employers			
	London Borough of Redbridge	26,535	28,348
	Scheduled Bodies	4,607	4,766
	Admitted Bodies	834	726
		31,976	**33,840**
Members			
	London Borough of Redbridge	9,062	9,720
	Scheduled Bodies	1,444	1,505
	Admitted Bodies	227	205
		10,733	**11,430**
		42,709	**45,270**

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

	2024/25 £000	2025/26 £000
Normal Employer Contributions	31,225	32,760
Deficit Payments *	418	566
Augmentation (Early Retirements)	333	514
	31,976	**33,840**

* The deficit recovery policy is set out in the Scheme's Funding Strategy Statement

8. Transfers In

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

	2024/25 £000	2025/26 £000
Individual Transfers from other schemes – London Borough of Redbridge	4,815	4,874
	4,815	**4,874**

9. Benefits Payable

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

	2024/25 £000	2025/26 £000
Pensions	37,305	38,831
Commutation of Pensions and Lump Sum Retirement Benefits	7,481	8,230
Lump Sum Death Benefit	1,321	1,019
Interest	184	189
	46,291	**48,269**

By Employer	2024/25 £000	2025/26 £000
London Borough of Redbridge	43,449	44,994
Scheduled Bodies	1,356	1,448
Admitted Bodies	1,486	1,827
	46,291	**48,269**

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.

	2024/25 £000	2025/26 £000
Refunds to members	113	164
Individual Transfers to other Schemes	7,993	10,128
	8,106	**10,292**

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.

	2024/25 £000	2025/26 £000
Administrative Costs	862	1,104
Investment Management Expenses	2,052	2,017
Oversight and Governance	177	193
Audit Fees	55	119
	3,147	**3,433**

11(a). Investment Management Expenses

	2024/25 £000	2025/26 £000
Management Fees	2,037	1,999
Direct Custody Fees	15	18
	2,052	**2,017**

2024/25 Total £000	2024/25 Pooled Units outside of LCIV £000	2024/25 Pooled Units through LCIV £000		2025/26 Total £000	2025/26 Pooled Units outside of LCIV £000	2025/26 Pooled Units through LCIV £000
1,722	572	1,150	Fund Manager Fees	1,647	539	1,108
76	15	61	Custody Fees	84	18	66
199		199	Pool Costs	215		215
55		55	Other Expenses	71		71
2,052	**587**	**1,465**	Total	**2,017**	**557**	**1,460**

12. Investment Income

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

	2024/25 £000	2025/26 £000
Pooled Investments Vehicles	26,470	27,192
Property Unit Trusts	2,911	2,291
Cash	295	251
Other Investment Income	5	52
	29,681	**29,786**

13. Investments

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

	2024/25 £000	2025/26 £000
Investment Assets		
Pooled Investments	978,786	1,082,117
Pooled Property Investments	69,786	65,060
Cash	2,675	3,922
Total Investment Assets	**1,051,248**	**1,151,099**

There are no investment liabilities.

The table below shows a detailed analysis of the investments held by the Fund as at 31 March 2026 with a comparison table showing detailed analysis of the investments held by the Fund as at 31 March 2025.

2025/26	Value at 31/03/25 £000	Purchases at cost £000	Sales proceeds £000	Change in fair value £000	Cash movement £000	Value at 31/03/26 £000
Pooled Equity Unit Trusts	978,636	22,481	(12,800)	93,579		1,081,896
London CIV	150	70				220
Property Unit Trusts	69,786	1,166		(5,891)		65,061
	1,048,572	**23,717**	**(12,800)**	**87,688**		**1,147,177**
Other Balances						
Cash	2,675				1,247	3,922
	1,051,247	**23,717**	**(12,800)**	**87,688**	**1,247**	**1,151,099**

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)**	**1,669**		**1,048,572**
Other Balances						
Cash	5,711				(3,036)	2,675
	1,031,910	**37,304**	**(16,600)**	**1,669**	**(3,036)**	**1,051,248**

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 £0.220m of regulatory capital.

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

Investment	31 March 2026	% of net assets
UK Equity Index Unit Trust	119,847	10.33
All World (ex UK) Equity Index Unit Trust	67,573	5.82
Low Carbon Equity Index Unit Trust	263,044	22.67
Global Equity Fund	163,241	14.07
Multi-Asset Credit	72,416	6.24
Buy & Maintain Long Dated Bonds	87,203	7.52
Infrastructure Fund	85,052	7.33
Schroder Property Fund	65,060	5.61

13(a) Investments – Fund Management

On 31 March 2026, the fair value of assets under management was £1,147.176m. 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:

31/03/25 £000	% of Portfolio	Manager	Mandate	31/03/26 £000	% of Portfolio	Strategic Asset Allocation %
Investments managed by Pool						
156,088	14.85	Baillie Gifford	Global Equities	163,241	14.18	15.00
76,476	7.27	Stepstone	Infrastructure	85,052	7.39	7.50
57,492	5.47	Aviva	Real Estate Long Income	57,880	5.03	7.50
101,592	9.66	LGIM	UK Equities	119,847	10.41	5.00
62,973	5.99	LGIM	Global Equities – ex UK	67,573	5.87	
233,350	22.20	LGIM	Low Carbon Equities	263,045	22.85	20.00
88,577	8.43	Insight	Buy & Maintain Bonds	87,203	7.58	10.00
73,224	6.97	Pimco & CQS	Multi Asset Credit	72,416	6.29	7.50
20,713	1.97	CRBE & Octopus	UK Housing Fund	29,252	2.54	5.00
5,945	0.57	Manulife & JP Morgan	Nature Based Fund	14,117	1.23	2.50
52,477	4.99	LGIM	Index Linked Gilts	54,062	4.70	7.50
928,907	***88.36***			***1,013,688***	***88.07***	***87.50***
Investments managed outside of Pool						
49,729	4.73	Schroders	Emerging Markets Equities	68,209	5.92	5.00
69,786	6.64	Schroders	Property	65,060	5.65	7.50
2,825	0.27	Cash inc LCIV		4,142	0.36	-
122,341	***11.64***			***137,411***	***11.93***	***12.50***
1,051,248	**100.00**	**TOTAL**		**1,151,099**	**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.

2024/25 Designated as fair value through profit & loss £000	2024/25 Loans and Receivables £000	2024/25 Financial Liabilities at amortised cost £000		2025/26 Designated as fair value through profit & loss £000	2025/26 Loans and Receivables £000	2025/26 Financial Liabilities at amortised cost £000
			Financial Assets			
978,786			Pooled Investment	1,082,117		
69,786			Pooled Property - Investment	65,060		
2,676	2,784		Cash	3,922	8,981	
	793		Sundry Debtor		903	
1,051,248	**3,577**		**Total**	**1,151,099**	**9,884**	
			Financial Liabilities			
			Creditors			
			Total			
1,051,248	**3,577**			**1,151,099**	**9,884**	
	1,054,825		**Grand Total**		**1,160,983**	

14 (a) Net Gains and Losses on Financial Instruments

2024/25 £000	Financial Assets	2025/26 £000
1,669	Fair value through profit & loss	87,688
1,669	**TOTAL**	**87,688**

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.

31 March 2025 Fair Value £000		31 March 2026 Fair Value £000
	Financial Assets	
1,051,248	Fair value through profit & loss	1,151,099
3,577	Loans and Receivables	9,884
1,054,825	**Total Financial Assets**	**1,160,983**
	Total Financial Liabilities	
1,054,825		**1,160,983**

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 Hierarch	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 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.	Evaluated Price Feeds	Not required
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.

Values as at 31 March 2026	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial Assets				
Financial assets at fair value through profit & loss	3,922	960,657	186,520	1,151,099
Financial Assets at amortised cost				
Total Financial Assets	**3,922**	**960,657**	**186,520**	**1,151,099**
Financial Liabilities				
Financial liabilities at fair value through profit & loss				
Financial liabilities at amortised cost				
Total Financial Liabilities				
Net Financial Assets	**3,922**	**960,657**	**186,520**	**1,151,099**

Values as at 31 March 2025	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial Assets				
Financial assets at fair value through profit & loss	2,675	887,797	160,776	1,051,248
Financial Assets at amortised cost				
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				
Net Financial Assets	**2,675**	**887,797**	**160,776**	**1,051,248**

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

	London CIV £000	UK Housing £000	Infrastructure £000	Real Estate Long Income £000	Natural Capital £000	Total £000
Value at 31 March 2025	150	20,713	76,476	57,492	5,945	160,776
Purchases	70	8,084	6,490		7,907	22,551
Unrealised profit and (loss)		455	2,085	388	265	3,193
Value at 31 March 2026	**220**	**29,252**	**85,051**	**57,880**	**14,117**	**186,520**

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	119,847	131,832	107,863
Overseas/Global Equities	562,068	618,275	505,861
Index Linked Gilts	54,062	59,468	48,655
Buy & Maintained Bonds	87,203	95,924	78,483
Multi-Asset Credit	72,416	79,657	65,174
Property	65,060	71,566	58,554
Level 3 Assets			
Infrastructure	85,052	93,557	76,546
Real Estate Long Income	57,880	63,668	52,092
UK Housing	29,252	32,177	26,327
Natural Capital	14,117	15,528	12,705

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
Overseas Equities	562,068	618,275	505,861

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

	2024/25 £000	2025/26 £000
Cash at Bank	2,786	8,981
Contributions due	449	487
Sundry debtors	792	903
Prepaid expenses	304	273
Total of Current Assets	**4,331**	**10,644**
Accrued benefits	(25)	(30)
Accrued expenses	(419)	(885)
Sundry creditors	-	
Total of Current Liabilities	**(444)**	**(915)**

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 £28.348m to the Fund in 2025/26 (£26.534m in 2024/25).

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 2024/25).
- Investment services undertaken by the Council to the Pension Fund were £0.122m (£0.122m in 2024/25).

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 2025/26, 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 2025 valuation was that the value of the Fund's assets was actuarially assessed as £1.055m, which was sufficient to meet 122% 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 2025 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 2026.

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 40 of the Notes to the Core Financial Statements.

The Actuary has calculated that the liabilities at 31 March 2026 for the entire Fund comprises of:

Type of Member	31 March 2025 Liability £m	31 March 2026 Liability £m
Employees	363	349
Deferred Members	200	210
Pensioners	394	474
Total	**957**	**1,033**

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).

	31 March 2025 £m	31 March 2026 £m
Present value of funded obligations	(957)	(1,033)
Fair value of Fund Assets (BID Value)	1,055	1,161
Net Liability for the whole Fund	**98**	**128**

These calculations have been determined using the following financial assumptions:

Year Ended	31 March 2025 % p.a.	31 March 2026 % p.a.
Inflation / Pension Increase Rate	2.80	3.00
Salary Increase Rate	2.80	3.00
Discount Rate	5.80	6.20

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 on the assessed actuarial present value of promised retirement benefits under IAS 26, or if it can be reliably estimated. As a result, the Redbridge Pension Fund does not 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 sixty-nine members of the Pension Fund contribute to the AVC schemes. In 2025/26 £676,488 of contributions deductions were made in respect of the AVC Scheme (£611,513 in 2024/25).

Market Value 31 March 2025 £000	AVC Provider	Market Value 31 March 2026 £000
145	Utmost Pensions (formerly Equitable Life)	127
857	Clerical Medical	1,218
658	Standard Life	1,115
1,660	**TOTAL**	**2,460**

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 also has committed £48m into the UK Housing Fund. Of this commitment £18.997m was outstanding on 31 March 2026.

The Fund also has committed £30m into the Nature Based Fund. Of this commitment £15.568m was outstanding on 31 March 2026.

Annual Governance Statement 2025/26

Introduction and acknowledgement of responsibility

The Council is responsible for ensuring that it acts in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently, and effectively.
To achieve this, the Council must ensure that it has a governance framework that supports a culture of transparent decision making.
The Accounts and Audit Regulations (2015), 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 systems of governance and internal control to support the development of its Annual Governance Statement. The Annual Governance Statement must reference the nature and outcomes of that review of effectiveness. The Annual Governance Statement is required to be included in 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:

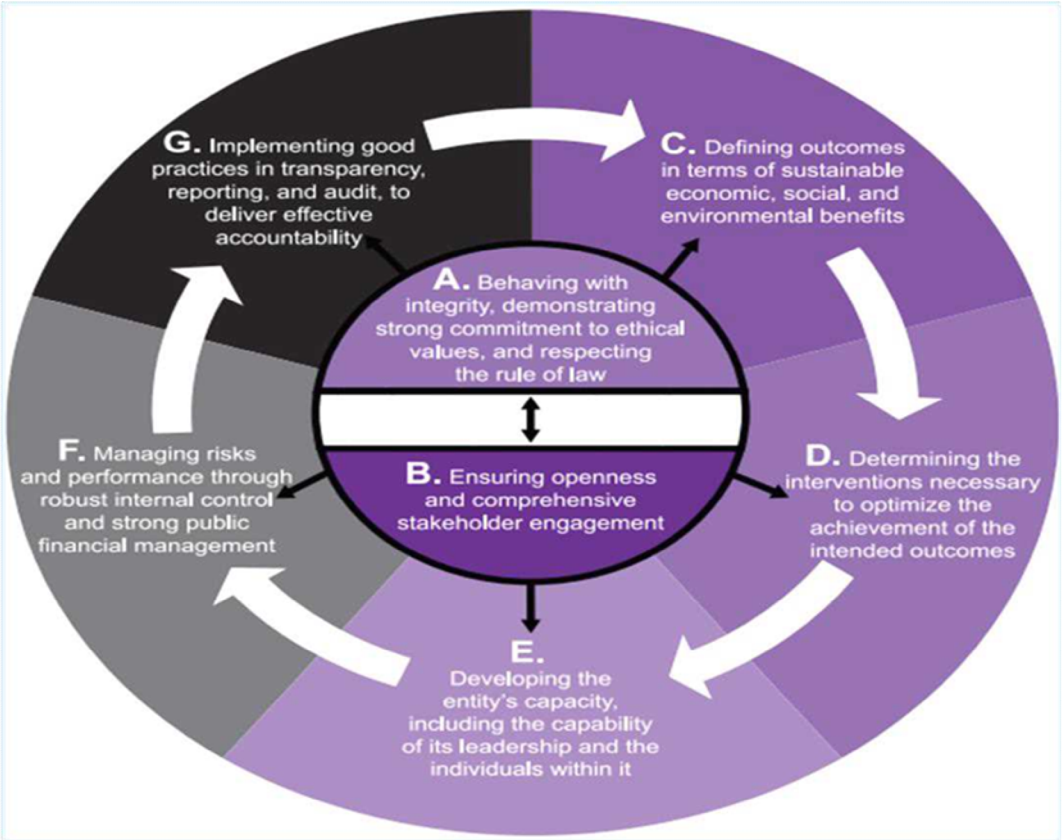
- Their business is conducted in accordance with all relevant laws and regulations.
- Public money is safeguarded and properly accounted for.
- Resources are used economically, efficiently, and effectively to achieve agreed priorities which benefit local people.

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.

There is increased importance on 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 Council also recognises the principles of good governance set out in the Local Government Associations Improvement and Assurance Framework.

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



Our Local Code of Corporate Governance, which is part of the Constitution, sets out the arrangements, activity, and processes in place to meet each of the seven Good Governance Principles A to F. A review of effectiveness of governance, including whether the referenced arrangements in the Local Code of Corporate Governance, is undertaken annually to support the production of this draft Annual Governance Statement.

The core principles of good governance per the Local Government Association

Operational directors – delivery, benchmarking, clienting
- directorate assurance statements
- project / programme management
- data quality assurance
- performance appraisals
- ensure appropriate governance and reviews of joint ventures / local authority trading companies / partnerships
- performance / finance / risk reporting, including:
  - corporate plan objectives delivery
  - statutory performance compliance (for example planning applications, Freedom of information requests)
  - national reporting (for example Adult Social Care Outcomes Framework (ASCOF)
  - savings delivery
  - complaints
- internal audit advice
- children's / adults' safeguarding boards
- consultation / engagement (incl service users)
- training / compliance with policies / processes (for example, procurement)

Head of paid service
- review corporate performance reporting to inform actions to ensure appropriate number, grades, organisation, management of staff for discharge of functions
- ensure appropriately senior / skilled staff employed, including for:
  - risk management
  - health and safety
  - emergency planning
- ensure appropriate person leads review of controls, consistent with CIPFA / Solace guidance
- adopt / review whistleblowing policy

Strategic management team – operational and strategic delivery
- performance, finance and risk reporting and review – including:
  - corporate plan objectives delivery
  - statutory performance compliance (for example, planning applications, freedom of information requests)
  - national reporting, for example, Adult Social Care Outcomes Framework (ASCOF)
  - savings / medium-term financial strategy (MTFS) delivery
  - complaints
  - corporate health indicators (for example, staff turnover, grievances)
  - staff / resident surveys / engagement feedback (incl service users)
  - benchmarking, triangulation
- contribute to review of internal controls/ annual governance statement
- consider/ respond to Internal/ External Audit annual opinions/ reports of Ombudsmen/ inspectors/ regulators/ (non-) statutory and peer reviews

Corporate programme / project management

'Golden triangle' meetings

Monitoring officer with Section 151 officer
- scheme of delegation

Senior information risk owner / Caldicott guardian
- designated responsibility for information governance / protection of confidentiality of health and care information / ensuring proper use

Monitoring officer
- responsible for / regularly review constitution – consistency with legislation / best practice
- oversight of arrangements for member decision-making – compliance with constitution / legislation and scrutiny (working with democratic services)
- principal adviser to standards committee

Section 151 officer
- oversight of financial affairs to ensure proper administration (including budget-setting / budgetary controls, counter fraud policy, procurement processes)

Head of internal audit (independent)
- prepare/ implement annual internal audit plan
- audit governance / risk / controls / policies / processes / reporting
- internal audit quality assurance and improvement programme

Overview of the governance framework and responsibilities for good governance

Council, Cabinet and Leader

- Provide leadership, approve the budget, develop and set policy.
- Approve the constitution which sets out how the council operates.
- Agree council priorities, developed in consultation with residents and stakeholders.

Scrutiny and review

- Scrutiny commissions review council policy and can challenge decisions.
- Governance and Assurance Committee reviews governance and promotes high standards of conduct by councillors.

Decision making

- All decisions made in compliance with the law and Council, cabinet and other formal meetings as set out in the constitution are held in public.
- Decisions are recorded on the council website.

Risk Management

- 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.

Executive Leadership Team

- Head of Paid Service is the Chief Executive and is responsible for all Council staff and leading an effective Executive Leadership Team.
- S151 Officer is the officer responsible for the proper administration of the local authority's financial affairs under section 151 Local Government Act 1972.
- 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 that the Councils fulfils its statutory obligations and applies 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.
- Other statutory officers, as required by law, include the Director of Adult Social Care, the Director of Children’s Services, the Director of Public Health and the Data Protection Officer.

Statutory Officers Group

- The three Statutory Officers: Head of Paid Service (Chief Executive), Chief Finance Officer / Section 151 Officer (Executive Director of Resources), and Monitoring Officer (Director of Assurance) meet monthly.
- They work together and engage with other senior officers to ensure:
  - Decisions are informed by risk awareness and management.
  - Robust financial management arrangements are in place.
  - Issues of governance, performance, and quality assurance are properly considered.
  - Regulations and codes of conduct are enforced.

The Council's Governance Arrangements

The Council's governance arrangements, reflecting the CIPFA and Solace recommended practice, are set out in a Local Code of Corporate Governance which is part of the Constitution and is published. It can be found here https://moderngov.redbridge.gov.uk/ieListDocuments.aspx?MId=6412&info=1

The Local Code of Corporate Governance sets out the Council's governance arrangements, showing how governance principles are put into practice. The Local Code of Corporate Governance:

- Aligns the Council's arrangements to each of the Principles in the CIPFA / SOLACE Delivering Good Governance in Local Government Framework publication and identifies what arrangements the authority has put in place to achieve each Principle.

- Include values and behaviours as well as processes, as these influence the Council's culture. The Local Code of Governance is used to inform the annual review of effectiveness of whether the arrangements within the Code meet the principles of good governance in practice. See subsequent section setting out our review of effectiveness.

The Council's 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. Cllr Kam Rai was appointed as Leader for the next four years at Annual Council on 20 May 2026.

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 is accountable to the public and Cabinet members are the ambassadors for the Council's work to improve the borough. 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 shaping good policy. The Policy Development Committees Committee will act as the scrutiny committee, agreeing an annual scrutiny forward plan. Where necessary only, the committee will set 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. A review of the Constitution was undertaken during the year which has led to the Terms of Reference of the Governance & Assurance Committee changing to enable any necessary recommendations from the Sub-Committee to be made directly to Full Council.

The committee assessed itself using the CIFPA guidance / good practice. This assessment informed an annual report to Full Council on the Committee's operational, fulfilment of Terms of Reference, and outcomes. The committee reported to Full Council in November 2025 setting out how it met its Terms of Reference and intended further actions to be taken into 2026/27 to continue to enhance its ways of working.

The Chief Executive, the Monitoring Officer, and the s151 Officer commissioned the Centre for Governance and Scrutiny to support a full review in 2025/26 of the Constitution, including the Terms of Reference of some Committees to include Governance & Assurance Committee. Amendments were subject to the agreement of the General Purposes Committee and Full Council.

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. Work on this has continued in 2025/26 with new arrangements now operating. The review was informed by feedback from the Centre for Governance and Scrutiny and was coordinated by the Monitoring Officer and the s151 Officer on behalf of the Chief Executive. The work also covered all aspects of the Council's Constitution including Standing Orders.

Executive summary

Key messages

- The Council recognises that local government's current and future challenges and risks are significant and therefore it is essential it has strong governance arrangements and effective means to gain assurance that such governance arrangements are working well.

- The Council has recognised that, overall, 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.

- During 2025/26, the Council has taken significant steps to enhance its corporate governance in terms of both arrangements and behaviours.

- Strong governance arrangements – and assurance that governance arrangements are working well – will be vital to support the Council to maintain effective core service delivery, including those that protect the borough's most vulnerable, and to ensure it can deliver the improvements and service transformation required to return to financial stability over the multi-year Exceptional Financial Support period.

Summary of key conclusions

- The Council's governance has improved in the year, and several key actions have been taken. Further actions are in progress to increasingly ensure the collective arrangements are fit for purpose to meet the Council's challenges.

- It is clear that during 2025/26 some aspects of the Council's governance were found to be not sufficiently robustly designed or operating effectively in practice. This was particularly the cases in those areas where external inspections found significant issues, risks, or weaknesses. The Council has responded strongly to these findings and is committed to ensuring the required improvements are made to service operation and the overall governance arrangements.

Governance outlook and commitment

- The increasing challenges to both the Council's financial and operating environments mean strong and assured governance arrangements will be vital to support the Council deliver on its future objectives and priorities.

- The improvement plan for actions to enhance governance further in 2026/27 will be actively monitored through regular delivery updates reported by Action Owners to Statutory Officers Group, ELT, and a newly formed Assurance Board. This represents a strong commitment to the continual improvement of governance arrangements.

Our assessment of effectiveness

The annual review of effectiveness of the Council's governance arrangements is a requirement of the regulations. It is used as an opportunity to take stock of governance, ensuring that the published AGS and associated improvement actions are based on robust evidence. It is an open and honest assessment.

By testing and challenging its own governance arrangements, the Council gains robust assurance and add value to the accountability it can deliver.

1.1 How the effectiveness review was conducted

This Annual Governance Statement was developed following and informed by a corporate review of effectiveness of governance. This review was conducted by the s151 Officer, Monitoring Officer, and Deputy Chief Executive, supplementing ongoing work of the Statutory Officers Group and Executive Leadership Team meetings. The Head of Internal Audit supported the end of year effectiveness review as well as the in-year development and assessment of the Council's governance using a Corporate Governance Assurance Framework informed by the LGA's Improvement and Assurance Framework.

The review was an open and honest assessment to identify the Council's current governance arrangements and then assess them against expectations of good governance, including the identification of gaps and areas for improvement.

The review was informed by:

- Year-end Executive Directors' and Directors' ("first line assurance") assessment on the operation of key governance arrangements within their remits for 2025/26.

- The Council's internal management and other assurance processes ("second line assurance"), 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.

- Specific work to map and assess current governance arrangements (including the Assurance Framework covering legal obligations and the Corporate Governance Framework covering core arrangements (in reference to the LGA Assurance and Improvement Framework).

- The assurances available from the work of Committees with governance, assurance, scrutiny and oversight roles, including such committees' outputs such as annual reports on outcomes and fulfilment of roles.

- Other sources of internal assurance activity including the Monitoring Officer Annual Report and second line of assurance providers such as Risk Management Team, Corporate Health and Safety Team, social care quality assurance arrangements.

- External views from "third line assurance" providers gained throughout the year on aspects of the design and operation of governance including but not limited to:

  - Reviews by CIPFA, the Centre for Governance and Scrutiny (CFGS), and the LGA Corporate Peer Challenge.
  - The outcomes of independent assurance providers' statutory inspections from OFSTED and CQC also considered for their relevance of their judgements on the design and operation of directorate- and corporate-level governance arrangements.
  - Outcomes of the work undertaken by the Internal Auditor and External Auditor, such as annual assurance opinions based on their work done and implementation rates of recommendations.

- Outcomes from relevant stakeholder engagement exercises, including the resident survey completed in 2025/26.

The results of the effectiveness review were reported to the Executive Leadership Team and the Governance and Assurance Committee before the final approval of the AGS in accordance with the requirements of the appropriate regulations.

When reviewing the AGS, the Governance and Assurance Committee were required to consider it in the light of the information and assurance reported to it during 2025/26.

Before final approval and publication, the AGS will be reviewed by the authority's external auditor in accordance with the Code of Audit Practice issued by the appropriate national audit body. The external auditor will consider if the AGS has been prepared in accordance with the Governance Framework and whether it is consistent with the auditor's knowledge of the authority.

1.2 Outcomes of the effectiveness review references whether arrangements are adequately aligned to support the authority's delivery of planned outcomes and meet its responsibilities for value for money / best value.

The effectiveness review confirmed measures have been taken in 2025/26 to increasingly align governance arrangements to support the Council's delivery of planned outcomes and to meet the Council's value for money and best value responsibilities.

Overspends of annual budgets in previous years demonstrate that the Council has been unable to manage the many associated financial challenges it has faced and continues to face.

In summary, the Council has begun to take significant improvement action in this regard:

- The Council has established better financial governance in 2025/26. There has been significant enhancement to arrangements for corporate oversight and financial accountability.

This is to enhance the Council's arrangements to assure itself it is meeting the Good Governance Principle F of "strong public financial management".

- There has been strengthening of structures and aligning of senior roles to key targeted outcomes including those specifically around value for money and best value by creating two new Director-level roles to enhance commercial and commissioning oversight and practices. This forms an integral part of the effort to reduce the net cost of Council services.

  This strengthens arrangements around "strong public financial management" (Principle F), and "Developing the entity's capacity including the capabilities of its leadership and the individuals within" (Principle E).

- The Council is making good progress to improve the central enabling services that support the Council to achieve its corporate objectives and value for money outcomes. The importance of rightsizing the capacity of central functions such as Finance, Legal, Human Resources, Organisational Development, and ICT/Digital services has been identified through the CIPFA review, the LGA Corporate Peer Challenge, as well as the Council's internal governance review.

  Like the above, this action enhances arrangements to meet both Principles E and F.

- The Council's request for Exceptional Financial Support for 2026/27 – 2029/30 was approved by the Ministry of Housing, Communities, and Local Government in 2025/26. The Council can access additional funding to manage pressures which have proved unmanageable and this has enabled the Council to set a balanced budget for 2026/27. The Council has established the Redbridge Recovery Board (including independent non-Council members and the LGA, to provide independent expert challenge). It has also established the internal Financial Strategy Board to provide regular, robust oversight and ensure better control of financial standing.

- The Council has established the Modernising Redbridge portfolio of programmes and projects to deliver the improvements and service transformation required to return to financial stability over the multi-year settlement and to improve the resident experience in Redbridge. The portfolio is overseen and governed through multilayered governance. The Corporate Programme Management Office provides structured guidance and direction on programme and project management delivery methodology and "second line assurance" on adherence. Internal Audit's proactive assessment on the portfolio assurance mechanisms has been fed back to the Programme Management Office during 2025/26 and further improvement action is being taken.

1.3 <u>Explicit assurance view whether each of the core arrangements for the local code are operating effectively.</u>

Where any of the core arrangements are not in place or not operating effectively, these are included as areas for improvement.

The 2025/26 review of effectiveness has been informed by the development and outcomes of a Corporate Governance Assurance Framework aligned to the good governance principles of the "*LGA improvement and assurance framework*".

This review identified where the Council meets the LGA's requirements of good governance and where improvement action has been, is being, or will be taken to enhance how the Council regularly obtains assurance that it is meeting the good governance principle.

These are summarised and included in this report. As well as referenced to the LGA key areas of governance, the outcomes are referenced to the seven principles of the CIPFA / SOLACE Good Governance Framework which are represented in the Council's Local Code of Corporate Governance.

The 2025/26 review of governance effectiveness, including through the development of the Corporate Governance Assurance Framework, indicates that, whilst many of the required standards of governance have been in place, some core arrangements needed to be introduced or restarted or further work was needed to provide assurance that these arrangements were operating as effectively as needed. The Council has taken action which is set out in the "how governance has improved in 2025/26 section". The Council will continue to take further action, which is set out in the where our governance needs to improve" section.

LGA Improvement and Assurance core arrangements

In reference to the LGA Improvement and Assurance Framework Assurance Owner headings, the following assurance assessments are provided and where further improvement action will be taken.

Assurance Heading: Operational Directors

Summary assurance position: Required assurance arrangements in place.

Directors have robustly self-assessed how core corporate governance processes have operated in their remits in 2025/26 through the completion of a Director Assurance Statement. Most Directors assessed most of their arrangements as either good or adequate.

Where there were areas assessed for more substantive improvement these were most commonly around enhancing the following:

- Service planning.
- Performance Management arrangements.
- Financial management arrangements.
- Partnerships.
- Value for money.

Further Action: Specific service-level improvements identified by the Director Assurance Statement process are captured as part of Directors' improvement plans. These will be monitored through Director management and oversight.

Where the improvement areas identified by Directors indicate the need for also strengthening corporate arrangements (as well as Directorate-level arrangements), these are considered for inclusion in the action plan to this AGS.

Assurance Heading: Executive Leadership Team

Summary assurance position: Required assurance arrangements are in place.

The ELT has taken a structured approach to seeking and receiving key information, assurance, and other reports for decision through Directorate-focused meetings on a rolling weekly basis.

This is supplemented by a thorough review and challenge of services' formal reports before they are reported to Cabinet.

The ongoing reporting to ELT throughout the year has provided the Council's most senior officers with a broad range of insight and assurance information on performance, financial standing, risks, and key aspects of corporate health.

Assurance Heading: Statutory Officers

Summary assurance position: Required assurance arrangements are in place.

The Statutory Officer Group "golden triangle" meetings were re-established with the arrival of the new Chief Executive26 to bring monthly collective "assurance oversight" of administrative, financial, legal / statutory, and governance arrangements of Council in the exercise of its functions. The group considers items across the three Statutory Officers' remits and responsibilities as well as other key roles (Director Adult Social Services, Director of Children's Services, Director of IT, Head of HR, Risk Manager, Head of Internal Audit). Actions agreed by the Group are tracked to resolution.

The Statutory Officers Group considered the CIPFA / SOLACE / Lawyers in Local Government guidance publication *Code of Practice on Good Governance for Local Authority Statutory Officers*[1] to form the basis of the Group's activity in reference to the Code's Seven Standards of the Golden Triangle.

Assurance Heading: Head of Paid Service

Summary assurance position: Required assurance arrangements are in place.

In 2025/26, following the Chief Executive's arrival in March 2025, significant senior leadership recruitment activity has been undertaken to ensure that the Council has experienced officers in post to run the organisation. In the region of 50 high calibre, professional officers have joined the Council during the year who have significant experience of delivering effective and resident-focused services, modernising service delivery in line with good practice and the effective management of budgets.

Assurance Heading: Section 151 Officer

Summary assurance position: Required assurance arrangements are in place.

The S151 officer role reported on the arrangements to ensure there is robust oversight of financial affairs to ensure proper administration through their "section 25 report" as part of the 2026/27 budget on the arrangements to ensure robust budget estimates and adequacy of reserves. This report gave details on how governance is being strengthened through specific control enhancements around spend / recruitment.

Wider governance and oversight has been enhanced in the year through the establishment and operation of the Finance and Strategy Board and the Redbridge Recovery Board to bring greater and more effective senior leadership oversight to financial governance and management arrangements at the Council.

Assurance Heading: Monitoring Officer

Summary assurance position: Required assurance arrangements are in place.

In early part of 2025/26, following the arrival of the new Chief Executive, the Monitoring Officer became a member of the Executive Leadership Team leading to strengthening assurance and implementing best practice.

The Monitoring Officer has led on the Constitutional review supported by the Centre for Governance and Scrutiny to ensure the Council's Constitution is meets legislation, guidance and is optimised for the organisation's needs.

A scrutiny review has also been undertaken during the year leading to recommendations to implement changes in committee structures to better reflect the needs of the Council. Such changes were approved at Annual Council in May 2026 and will be reported in 2026/2027 AGS.

Significant activity has been completed in the year to ensure awareness and understanding of the Council's decision-making processes.

The Monitoring Officer's Annual Report is to be reported to the Governance and Assurance Committee in June 2026.

Assurance Heading: Head of Internal Audit

Summary assurance position: Required assurance arrangements are in place.

[1] https://solace.org.uk/wp-content/uploads/2024/07/Code-of-Practice-on-Good-Governance-for-Statutory-Officers-June-2024.pdf

As required by the new Code of Practice for Governance of Internal Audit, the Annual Governance Statement confirms the Internal Audit team has operated with the required senior management capacity and the Governance and Assurance Committee approved core documents as required by the Internal Audit Standards (the Internal Audit Mandate, Charter, and Strategy).

Collectively these documents demonstrate the Council's commitment to position the Internal Audit team so it can work independently and objectively with free access to all required records and staff, and report objectively in its own name. Through approval of the documents, the Council commits to resource the Internal Audit team so its capacity and capabilities enable it to conduct sufficient work to appropriately inform an Annual Internal Audit Opinion on the design and operation of the Council's arrangements of governance, risk management, and internal control.

The Code of Practice requirement for the Chief Audit Executive role (the Head of Internal Audit) to report directly to a member of the most senior management team is not currently met as the Head of Internal Audit organisationally reports to the Director of Finance who is not a member of ELT.
There are, however, well established practical means and ways of working which ensures the Head of Internal Audit has frequent and direct access to senior management colleagues individually and collectively. This includes regular reporting in their own name to the Statutory Officer Group and ELT.

Internal Audit assurance opinions were broadly evenly split between adverse and non-adverse opinions. In addition, several pieces of Internal Audit work were also conducted as critical friend reviews on the basis that management acknowledged the current design and or operation of the internal control framework was not sufficiently strong and so provided limited assurance.

The Annual Internal Audit Report, including Annual Opinion, is to be reported to the Governance and Assurance Committee in June 2026.

The implementation rates of agreed recommendations was a high priority focus for ELT in 2025/26. Owners of recommendations past their target dates were required by ELT to identify re-set target dates and assure the deliverability of remaining actions to meet the re-set date. There was a strong focus on implementation rates and there was positive movement toward the end of 2025/26. Whilst there remain several very overdue recommendations, the numbers over seven and 12 months past their target dates had decreased by the end of 2025/26.

Assurance Heading: Senior Information Risk Owner

Summary assurance position: Required assurance arrangements are in place.

An Information Governance Strategy is in place which supports the delivery of the aims and objectives of the Information Governance Framework and the policies determined by it.

SIRO is nominated as Executive Director of Resources who is a member of ELT. The DPO is the Director of IT and Digital. The Caldicott Guardian is the Executive Director of Adult Social Care and Health (i.e., the DASS position).

There is regular in-year reporting to ELT, the Statutory Officers Group and the Governance and Assurance Committee on key Information Governance metrics and insight.

During the year, there was significant corporate focus which increased the rate of Information Governance training completion.

Assurance heading: how the Council has assured itself (including internally and externally visible / focused actions)

Summary assurance position: Required assurance arrangements are in place, or indicated where further improvement action will be taken. Assurance arrangements include:

- Decision making reports are reviewed and assured for Legal and Finance implications. Decision making reports require articulation of risk and how the proposed decision manages risk. Decision making reports require consideration of Equalities Act impacts and how these are managed, supported where needed by EQIAs.

- Decision making reports are considered by ELT.

- There are regular performance reports to ELT, Cabinet and Overview and Scrutiny Committee which provide clear updates on delivery against targets and expected standards.

- There are regular finance reports to the Finance Strategy Board, Cabinet and Overview and Scrutiny Committee which provide clear updates on adherence to the annual budget and periodic updates on the medium-term financial picture.

- The work of the Overview and Scrutiny Committee provides transparent scrutiny and the means to hold the Cabinet (as Executive) to account for its decisions and performance.

- The Governance and Assurance Committee regularly assesses its arrangements and activity against the CIPFA Guidance on Good Practice for Audit Committees.

    - The Committee's 2024/25 assessment concluded the committee was substantively meeting the good practice – including the required range of assurance information relevant to its Terms of Reference from internal and external auditors and officers - and this was reported to Full Council in November 2025.
    - The Committee's 2025/26 assessment is to be reported to the June 2026 Committee meeting and a Full Council meeting after the Committee's agreement to the report. The 2025/26 assessment noted progress against most of the improvement actions arising from the 2024/25 assessment.
    - The Committee reviews the draft AGS for challenge as to whether it aligns to evidence / reports / assurances it has received. It makes recommendations to signatories of the AGS where needed.
    - There has been engagement with peers to challenge arrangements to drive continuous improvement and best value. Notably in 2025/26, this included the LGA Corporate Peer Challenge process.

Local Code of Governance Core Arrangements linked to the Good Governance Framework

The Council's Local Code of Corporate Governance is part of the Constitution and sets out the Council's core arrangements in place or actions taken to meet each of the Good Governance Framework's seven Principles.

For each of the seven principles, the below assessment sets out whether the effectiveness review has concluded if the arrangements have been and in place and operated effectively. Areas for improvement are set out by exception.

Local Code Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

The Council's arrangements were assessed as in place and operating sufficiently effectively with noted areas for improvement around embedding assurance mechanisms for the completion of staff declarations of interests and their effective and timely line management review. These are needed to ensure that any declarations are appropriately assessed and dealt with to provide assurance that actual or potential conflicts of interest or impediments to objectivity are well managed. There is a current outstanding Internal Audit red-rated recommendation to develop and regularly report compliance information to senior directorate management. This is being tracked and reported to ELT and the Governance and Assurance committee. **Further action is continuing this into 2026/27.**

During 2025/26, the Council improved its arrangements to record, manage, and report on concerns received, including those protected disclosures from current employees, or similar, which would require the Council to ensure it meets the requirements of the Public Interest Disclosure Act.

The Council commissioned an independent consultant review of its Health and Safety arrangements in 2025/26. It identified areas for improvement and the Council is taking action to address these.

In 2025/26 the Council has developed a Statutory Assurance Framework to map legal obligations and capture the assurances that these are being met.

Principle B – Ensuring openness and comprehensive stakeholder engagement.

The Council's arrangements were assessed as in place and operating sufficiently effectively, with noted areas for improvement around developing corporate arrangements to support all service areas to determine when, and how, consultation and engagement activity should be conducted to most effectively support decision making and service design.

Whilst there are noted pockets of good practice, the Council will take steps to develop and formalise a corporate consultation strategy which will define when, how, who and why the Council will meaningfully engage with residents and other stakeholders. **Further action for 2026/27.**

During 2025/26, it was recognised that the Council's handling of complaints and responding to Subject Access Requests and Freedom of Information Act applications needed to be improved. It responded strongly to a practice recommendation issued to the council by the ICO on the 24 November 2025 including developing and delivering an action plan to improve timeliness of responses and clearing backlogs. Improvement action included more robust root cause analysis of delays, improved training and communication to managers, and improved oversight and governance of activity levels and timeliness.

Significant work is also ongoing with key SEND system partners and stakeholders, including children and young people and their parents and carers, to address the issues and weaknesses identified by the OFSTED area SEND review. This work is overseen and governed through formal governance arrangements which are independently chaired and include system partners and government advisors.

Work is ongoing to develop arrangements to govern and manage the delivery of required improvements to respond to the CQC inspection outcomes.

Following the CQC inspection outcome reported in December 2025, work is now ongoing to strengthen governance and processes to address the areas for improvement identified.

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.

The Council's arrangements were assessed as in place and operating sufficiently effectively. The Council has a balanced budget and is aware of its medium-term outlook. The key actions taken in the year to address financial sustainability challenges have been through the further development and delivery of the Modernisation Programme which seeks to reduce net expenditure in the medium-term allied to obtaining Exceptional Financial Support.

Work is ongoing and will continue into 2026/27 to finalise, publish, and communicate the Council's new corporate plan. **Further action for 2026/27**.

There will be ongoing work to implement the recommendations made by CIPFA regarding the Council's financial sustainability. This will be robustly overseen and monitored by the Redbridge Recovery Board and the Financial Strategy Board. **Action will continue into 2026/27**.

Principle D - Determining the intervention necessary to achieve intended outcomes.

The Council's arrangements were assessed as in place and operating sufficiently effectively with noted areas for improvement around developing a more robust policy framework (which was recommended by CFGS in their review). **Further action for 2026/27**.

As also referenced above, work is ongoing and will continue into 2026/27 to finalise, publish, and communicate the new corporate plan. **Further action for 2026/27**.

Strategic Risks, as recognised on the Council's Strategic Risk Register, were reviewed in detail by ELT during the year and amended to better reflect the Council's risk environment. Further work will continue in 2026/27 to enhance risk management and embed it in wider assurance processes**. Further action for 2026/27**.

Principle E - Developing capacity, including the capability of leadership and individuals within the Council.

Following the Chief Executive's appointment in March 2025, an almost entirely new ELT has been recruited, and most of the second tier are new appointments too. It is considered that this officer cadre is more experienced in modernising organisations, delivering effective resident-focused services, managing budgets, and implementing best practice. A wider review of the organisational structure was undertaken which has led to significant changes in directorate arrangements (notably establishment of separate directorates for Children's Services and Adult, Social Care and Health, a new Deputy Chief Executive role, and senior management roles to better equip the organisation to respond to its future challenges and opportunities and provide effective leadership and oversight of the Council's activities.

To increase rates of mandatory corporate training, more determined and consequential action was taken. This resulted in a significant increase of completion rates of training, for instance around information governance and health and safety topics.

A People Strategy, a workforce strategy and development plan is being produced. **Further action for 2026/27**.

Work is continuing to implement the recommendations made by Internal Audit to further enhance and gain assurance over the successful operation of the "One Brillant You" staff performance appraisal and development process. **Further action for 2026/27**.

Principle F - Managing risks and performance through strong internal control, and financial management.

The Council's arrangements were assessed as in place and operating sufficiently effectively with noted areas for improvement around risk management as per above.

Performance management was identified as an area for improvement through the Director Assurance Statement process. **Further action for 2026/27**.

The Council recognises that strong financial management will be needed to address the underlying issues that contributed to significant overspends of annual budgets in the recent past. Enhanced arrangements include the establishment and operation of the Redbridge Recovery Board and the Financial Strategy Board in 2025/26.

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

- **The Monitoring Officer's annual report** to the Governance and Assurance Committee planned for June 2026.

- **Two Standards (Hearings) Sub-Committee meetings held in 2025/26** to hear allegations of breaches of the Member Code of Conduct. TBC further Code of Conduct complaints were received in 2025/26, and TBC progressed to investigation (i.e., again in reference to corporate Principle A – 'Behaving with integrity etc.').

- **During 2025/26 there were no 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 were received** (i.e., in reference to core Principle A (as above), and Principle B – 'Ensuring openness and comprehensive stakeholder engagement').

- The Council significantly strengthened its arrangements for complaint handling, organisational learning, and service improvement during 2025/26. Enhanced governance arrangements were introduced to provide greater oversight of complaint handling performance, Ombudsman findings, customer feedback, and service improvement activity.

- A Learning Council was established to provide corporate oversight of learning arising from complaints, Ombudsman decisions, Member enquiries, customer feedback, and organisational intelligence. The Learning Council undertook a programme of thematic deep dives across priority service areas, including Housing Needs, Children's Safeguarding and Revenue, Benefits and Transaction Centre services, to identify root causes of customer dissatisfaction, recurring service issues and opportunities for improvement.

- The Council also developed and implemented a Learning Council Maturity Framework as both a service improvement toolkit and corporate assurance mechanism. The framework assesses organisational learning and improvement across six domains: Insight and Intelligence, Learning to Action, Resident Experience Impact, End-to-End Ownership, Staff Behaviour and Culture, and Governance and Grip. Services are assessed against three maturity levels – Developing, Established and Embedded/Excellent – providing a structured approach to measuring whether learning is translated into action and whether action results in measurable and sustained improvement in resident outcomes and service performance.

- Performance improved during the year, supported by enhanced governance, performance monitoring, quality assurance, and Learning Council activity. In Housing, Stage 1 complaint response performance improved from 46% in April 2025 to 100% by March 2026. Member Enquiry performance improved from 65% to 99% over the same period, demonstrating the positive impact of strengthened oversight, accountability, and service improvement arrangements.

- During 2025/26, the Local Government and Social Care Ombudsman received 231 complaints and enquiries relating to the Council and issued 190 decisions. Of these, 45 complaints were upheld and 44 cases were referred back to the Council for local resolution. Housing, Education and Children's Services and Adult Care Services accounted for the majority of findings against the Council. The Council maintained oversight of Ombudsman recommendations and remedies, with the majority completed within required timescales. Learning arising from Ombudsman findings is incorporated into Learning Council reviews, service improvement plans, and corporate reporting arrangements to ensure that lessons are embedded and shared across the organisation.

- Collectively, these developments have strengthened accountability, transparency, and organisational learning, providing increased assurance that resident feedback, complaints, and external scrutiny are systematically used to improve services, manage risk and support continuous improvement across the Council.

1.4 The results of external assurance providers and Internal Audit's annual conclusion

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 non-compliance with statutory health and safety requirements. This meant the Council did not meet Principle A to comply 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 2026/27, intended to culminate with a re-inspection and formal lifting of the notice.

The Council also received assurances from regulators and inspectors including OFSTED. Although the Council maintained its outstanding rating from its Children's Services in June 2024, an inspection of the special educational needs and / or disabilities (SEND) Redbridge Local Area Partnership found that there were widespread and/or systemic failings leading to significant concerns about the experiences and outcomes of children and young people, which the local area partnership must address urgently. The local area partnership developed a priority action plan to address the identified weaknesses and failings.

In December 2025, the **Care Quality Commission** (CQC) rated the Council as requires improvement, in how well it is meeting its responsibilities to ensure people have access to adult social care and support under the Care Act (2014). CQC's assessment gave the quality Council services a rating of one in some areas. As a result of this, under Section 50(2) of the Health and Social Care Act 2008, CQC has sent a notification letter to the Secretary of State for Health and Social Care outlining the areas where improvements are needed. The Council was assessed as requiring improvement in all nine areas. Two areas regarding safeguarding and governance, management and sustainability arrangements were given the lowest rating of inadequate and so require significant strengthening.

A Finance and Resilience Review by **CIPFA** to evaluate the Council's financial sustainability, governance practices, and operational resilience. It provided insights into the Council's capacity to manage current financial pressures, meet statutory obligations, and support its strategic priorities amid ongoing economic and social challenges. The review identified strengths, potential vulnerabilities, and significant challenges to the Council's financial resilience. The review made 20 recommended actions where CIPFA deemed the Council should take the opportunity to improve. The Redbridge Recovery Board and the Financial Strategy Board are monitoring these actions.

The **Centre for Governance and Scrutiny's review and recommendations** relating to the Constitution (March / April 2025) informed the 2024/25 Annual Governance Statement and specifically the improvement actions. These were followed up as part of compiling the 2025/26 Annual Governance Statement. The work was undertaken in phases 1 and 2. Phase 1 changes were approved by Full Council in June 2025 and Phase 2 changes approved in March 2026.

The **Centre for Governance and Scrutiny's undertook a review** relating to the Council's a Scrutiny function during 2025/26 making recommendations which were approved by Annual Council at its meeting in May 2026. The 2026/27 AGS will reflect the changes that have been made to the Scrutiny committees ensuring the function is the best fit for the Council.

The Council had a **LGA Corporate Peer Challenge review in July 2025**. It identified the Council's strengths and areas of challenge making 10 recommendations. The recommendations were compiled into an action plan which has been monitored by ELT to assure itself the targeted improvements are being made.

The Council commissioned an **independent consultant review of its Health and Safety arrangements** in 2025/26. It identified a series of areas for improvement and the Council is taking action to address these. This is being and will continue to be monitored through the newly established Health and Safety Board.

The **External Auditor's** Audit Report, dated 26 February 2026, set out an 'Other Matter' in relation to Governance, specifically in relation to financial reporting together with 'the action the Council must take to address the weakness'.

Further to the Audit Report, the external auditor issued its Auditor's Annual Report on the 9 March 2026 making a further recommendation, in relation to Financial Reporting. The recommendations were designated as statutory recommendations which need to be reported to Full Council.

Outcomes from **Internal Audit work** in 2025/26 where they gave an assurance opinion were broadly evenly split between adverse and non-adverse opinions. In addition, several pieces of Internal Audit work were also conducted as critical friend reviews on the basis that management acknowledged the current design and or operation of the internal control framework was not sufficiently strong and so provided limited assurance. The Internal Audit work in these areas provided proactive guidance and recommendations on how to strengthen the internal control environment. The timeliness of implementing recommendations remained broadly stable over the year, with recommendations being implemented on average 12 months after the original target date. There remains a residual number of very old recommendations being aged between three and four and a half years past target date.

Key areas for focus and improvement are captured in our action plan below in section 2.2.

1.5 How the overall opinion has been agreed.

The overall opinion from the effectiveness review has been discussed by the Statutory Officers Group and the Executive Leadership Team to consider the content including conclusions and proposed actions.

2. How we have improved our governance arrangements in 2025/26

The progress made in respect of last year's AGS action plan is set out below:

	Governance area	Governance Improvement Action to be taken in 2025/26	Lead Officer	Target date	End of 2025/26 update
1	Renew the risk management framework	Check and renew the organisation's understanding of, and appetite for, risk. Revise the risk management framework to be more holistic, covering areas such as reputational risk. Put in place more proportionate escalation arrangements for ELT and Cabinet. Put in place learning and development for members and officers targeted to their roles within the risk management framework, and support officers to take responsibility for their own services and ownership of risks.	Director of Finance	31 March 2026	In progress. ELT has regularly reviewed the Strategic Risk Register. More emphasis has been given to the specificity of the risks and the quality of mitigations. Clarity around risk appetite is required. Risks need to be reviewed with members when the new Corporate Plan 2026-2030 is in place.

	Governance area	Governance Improvement Action to be taken in 2025/26	Lead Officer	Target date	End of 2025/26 update
2	Put in place a new policy framework	Action is already underway to create a consistent policy framework to anchor policy development across the organisation. 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.	Deputy Chief Executive	31 March 2026	Significant work undertaken. Due to complete Q2 26/27
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	Deputy Chief Executive and Executive Directors	31 January 2026	Baseline of resident data and views has been collated to inform development of Corporate Plan and Borough vision. http://intranet/demographicand-equality-data-and-insights/
4	Developing relationships	Take steps to develop political acumen amongst officers, and acumen in understanding the challenges and constraints of officers.	Director of Assurance (Monitoring Officer)	Ongoing throughout 2025/26	Action taken. Several training sessions have been delivered by the Monitoring Officer.

	Governance area	Governance Improvement Action to be taken in 2025/26	Lead Officer	Target date	End of 2025/26 update
5	Developing Cabinet's strategic focus	Set up new Member Board for Demand Management to deepen member understanding and provoke behaviour change. Design and introduce new oversight and escalation systems to ensure proportionate member "line of sight" on important matters. Review processes for Cabinet key decisions to ensure that systems for delegation are working effectively and consistently across the Council.	Executive Director of Resources (Section 151 Officer) and Director of Assurance (Monitoring Officer)	30 June 2025	TBC
6	Decision making	Redesign arrangements to ensure that stakeholders feed into decision-making process well in advance of formal signoff. 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.	Director of Assurance (Monitoring Officer) and Executive Leadership Team	30 June 2025	Action taken. Stakeholder input processes re-emphasised. Several training sessions have been delivered by the Monitoring Officer. Monthly informal "pop-in" sessions on governance and decision-making are being delivered by the Monitoring Officer directly to all staff – inviting an open discussion on issues where direction and advice is given.

	Governance area	Governance Improvement Action to be taken in 2025/26	Lead Officer	Target date	End of 2025/26 update
7	Internal governance	Agree a framework to define the purpose and functions of Boards and conduct a review of remaining corporate and directorate Boards. Create cross-functional teams / communities of practice to bring together officers with similar specialisms in different directorates. Centralise Programme Management Office functions. Ensure Senior Responsible Officer roles within directorates / in project leadership and management are clear.	Chief Executive and Executive Leadership Team	31 October 2025	Internal governance review completed with new governance and portfolio management approach in play. Modernisation programme has implemented more agile working with cross functional project teams in place. Central PMO with new Head of position established. SRO role guidance developed and published and PMO ensures all live projects have appropriate documentation, are reporting effectively and have the appropriate accountabilities.
8	Value and behaviours	Embed cultural / behavioural expectations around governance in new staff competencies. Put in place leadership development support which focuses on the need for autonomy, ownership, personal accountability. Plan for wider organisational development work to embed shifts in behaviour.	Deputy Chief Executive	31 March 2026	A People Strategy has been drafted and will be adopted formally by the Council in Q2 2026/27. A growing leadership development programme is now in place aligned to modernisation programme. A new Head of OD has been appointed with a series of projects focussing on cultural change.

	Governance area	Governance Improvement Action to be taken in 2025/26	Lead Officer	Target date	End of 2025/26 update
9	Partnerships	Enhance strategic partnerships. Map how partnership dynamics will need to impact / inform internal governance systems.	Deputy Chief Executive	31 March 2026	Partnerships have been mapped to inform emerging corporate plan and our own delivery. New senior structure has enabled partnerships to be enhanced.
10	Financial governance	Respond to external auditor findings from 2023/24 Annual Results Report (and 2024/25 when known and if needed).	Director of Finance	Ongoing througho ut 2025/26	Action being taken. Annual Audit Results Report – Action Plan update provided to Governance and Assurance Committee 4 November 2025, prior to receipt of additional recommendations arising from 2024/25 audit 23 February 2026. Next update due at Governance and Assurance Committee 29 June 2026.
11	Financial governance	Establish the Redbridge Recovery Plan and Board	Chief Executive and Executive Director of Resources (Section 151 Officer)	31 March 2026	Action taken and continuing. Plan and Board established.
12	SEND and Alternative Provision	In conjunction with our statutory partner NHS North East London Integrated Care Board, deliver the SEND and Alternative Provision Priority Action Plan	Executive Director for Children and Education	31 March 2027 (initial milestone inspectio n)	Action taken and continuing. Plan and Board established.

	Governance area	Governance Improvement Action to be taken in 2025/26	Lead Officer	Target date	End of 2025/26 update
13	Whistleblowing	Improve oversight of whistleblowing allegations	Head of Internal Audit and Counter Fraud and Head of People Services)	31 March 2026	Oversight has been improved through the establishment of a (restricted access) tracker of whistleblowing reports received. There is monthly reporting on cases and associated reviews and investigations to the Statutory Officers Group (comprising the Chief Executive, Monitoring Officer, and the S151 Officer) to give greater oversight.

2.2 Any other significant steps to improve governance taken in the year.

In addition to the actions taken as outlined above, the Council has taken action to centre good governance in arrangements and ways of working.

- Development of a Redbridge Assurance Framework – setting out how the Council meets the requirements of the LGA Improvement and Assurance Framework. Work is ongoing on this and a framework to map legal obligations and the current mechanisms for services to be assured how these are being met.

- Re-establishment of the Statutory Officers Group ("golden triangle") meetings. This group meets monthly to work together to enable good administrative, financial, and ethical governance of a local authority in the exercise of its functions.

- Significant review of organisational structures and action to increase capacity and capability at senior management level where needed to enable greater focus to drive change and improvement.

- Review and refresh of internal governance boards and panels to include reviewing terms of reference, membership and purpose.

- Collation of a central repository of duties and responsibilities of all service areas.

- Performance reporting review.

- Complaints handling arrangements were significantly strengthened during 2025/26 through enhanced performance monitoring, corporate quality assurance, the establishment of the Learning Council and development of the Learning Council Maturity Framework.

- Measured between April 2025 and March 2026, performance improved across a number of key service areas. Housing Stage 1 complaint performance increased from 46% to 100%, Adult Social Care investigation performance improved from 0% to 75%, Children's Services Stage 1 complaint performance increased from 22% to 86%, and Regeneration Stage 1 complaint performance increased from 53% to 95%. Member Enquiry performance also improved significantly across Housing (65% to

99%), Adult Social Care (15% to 76%),Education & Inclusion (47% to 85%) and Strategy & Resources (67% to 100%). These improvements demonstrate the positive impact of strengthened governance, performance management, organisational learning and service accountability arrangements introduced during 2025/26.

- The Council also strengthened oversight of Ombudsman findings and recommendations. Learning from complaints, Ombudsman decisions.

- Capital Programme Board established.

- Health and Safety Board established.

- Senior Leadership Team Director meetings established and are held every two weeks – one meeting has a business focus, one has a strategy focus.

- External review of HR service.

The table below sets out the further actions to be taken in 2026/27.

	Improvement Action to be taken in 2026/27 Provisional	**ELT Lead** Provisional	**Target date**
Key corporate governance improvement actions *These are actions relate to how the Council will enhance arrangements that direct and control the Council's activity and then provide oversight and accountability.*			
1	All Directors to take action to address the areas for improvement identified in their Director Assurance Statements.	All ELT	Required actions completed by 31 March 2027
2	Finalise, publish, and communicate the new Corporate Plan.	DCE	31 August 2027
3	Finalise, publish, and communicate the People Strategy. Monitor its implementation including assessment of whether objectives are being (or track to be) achieved.	DCE	31 August 2027 Monitoring ongoing thereafter
4	Enhance corporate Health and Safety arrangements including implementing key recommendations made by the external review in October 2025. Embed arrangements for new H&S Board.	ED PCE	Required actions completed by 31 March 2027
5	Continue to enhance risk management arrangements including fully implementing the Internal Audit recommendations from its 2025/26 report. Re-assess the strategic risk register once Corporate Plan is developed.	ED Resources	31 October 2026
6	Develop and embed a partnership assessment approach or tool to gain assurance that partnerships are working effectively and helping to achieve the Council's related objectives.	DCE	In place and operating by 31 March 2027
7	Provide member training and building capacity for the Cabinet to lead policy development and to champion delivery for the next four years.	ELT	Ongoing throughout 2026/27
8	Develop / formalise consultation approach or strategy whereby it is defined when, how and why the Council will meaningfully engage with resident and other stakeholders.	DCE	31 December 2026

	Improvement Action to be taken in 2026/27 Provisional	ELT Lead Provisional	Target date
Key actions to support achievement of corporate objectives / improve corporate performance. *These actions are the key specific operational, strategic, and ongoing administrative actions required to achieve key objectives and deliver critical services, and manage resources. They involve running the Council day-to-day and enabling it to execute key plans.*			
9	Deliver the Modernisation Programme to deliver and oversee the change required to make the Council financially sustainable. Delivery and Impact will be monitored on an ongoing basis.	DCE	Ongoing throughout 2026/27
10	Operate the Redbridge Recovery Board.	ED Resources	Ongoing throughout 2026/27
11	Complete the S75 arrangements review.	ED ASC	31 December 2026.
12	Deliver the Pathfinder stage 2 implementation.	ED CS	Ongoing throughout 2026/27
13	Finalise and deliver the Education – school sufficiency strategy.	ED CS	Delivery ongoing throughout 2026/27 aligned with Strategy milestones
14	Complete the Strategic Asset Review.	ED PCE	31 December 2026
15	Improve Capital Programme delivery.	ED PCE and ED Resources	Ongoing throughout 2026/27 Delivery rate improved year on year by 31 March 2027
16	Develop and embed a Data Quality Strategy / approach.	DCE	31 March 2027
17	Address priority actions or areas of focus identified by the staff survey.	All ELT	31 March 2027

	Improvement Action to be taken in 2026/27 Provisional	**ELT Lead** Provisional	**Target date**
Key actions to support achievement of corporate objectives / improve corporate performance. *These actions are the key specific operational, strategic, and ongoing administrative actions required to achieve key objectives and deliver critical services, and manage resources. They involve running the Council day-to-day and enabling it to execute key plans.*			
18	Embed the "Learning Council" operating model.	ED Resources	Delivery ongoing throughout 2026/27 aligned key milestones

Forward look on governance

The Council also faces several areas of significant change that will require consideration and action as appropriate starting in 2026/27 and continuing into the medium-term particularly given the macroeconomic outlook and its impact on local government funding.

Key governance priorities include:

- Delivering the modernisation agenda and the associated benefits to reduce the net cost of the Council whilst maintaining effective services. Continuing to manage the demand for services and taking steps that, as far as possible, mitigate acuteness and costs of demand, in particular housing and social care.

- Ensuring that the Council's corporate governance and assurance arrangements are strong and provide sufficient confidence that:

    - Required improvement in SEND and Adult Social Care services are made.
    - The improvements and service transformation required to return to financial stability over the multi-year Exceptional Financial Support period are also made.

- 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.

- Completing the Strategic Asset Review and developing and implementing 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.

- Working with key strategic partners and the voluntary and community sector to concentrate on providing support for the Council's most vulnerable residents.

- Addressing the statutory recommendations made by the External Auditor.

- 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 the workforce has sufficient capability and capacity to perform all statutory duties to a minimum standard and needs strategies in place to ensure these requirements are satisfied at a time when markets are under pressure for trained and experienced personnel.

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: 17/07/2026
Claire Hamilton: Chief Executive	Signed:	Date: 17/07/2026

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 obsolesce 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.