

London Borough of Hillingdon

Statement of Accounts for the year to 31 March 2024

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Leader's Statement

To Follow

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Narrative Report

This document sets out the annual accounts of the London Borough of Hillingdon for the year ended 31 March 2024. The accounts are in the format for local authority accounts set by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The purpose of this narrative report is to provide a guide to the most significant matters reported in the financial statements. Included within this document are a number of technical terms that are specific to local government finance and a glossary has been provided to assist the understanding of the financial statements.

2.1 Organisational overview and external environment

Hillingdon, situated on the western edge of Greater London, is the second largest London borough, covering a total area of about 42 square miles. It is just 14 miles from central London and bordered by the counties of Buckinghamshire, Hertfordshire and Surrey, as well as the London Boroughs of: Hounslow, Ealing and Harrow. Hillingdon is home to Heathrow, one of the world's busiest airports, which normally caters for more than 60 million passengers a year. The borough, Hillingdon, has some of the best sports and fitness facilities in London including: Hillingdon Sports and Leisure Complex with 50 metre indoor competition pool; leisure pool; outdoor lido; 100 station gym; athletics stadium and 400 metre running track; 3G floodlit pitches, sports hall and more. There are also 16 libraries; 3 theatres (1 open air), and over 200 green spaces covering approximately 1,800 acres, including Ruislip Woods; the Nature Reserve, and Lido. The Council's vision is 'Putting Our Residents First'. This underpins its actions and decision-making process and is achieved by applying the following themes:

Our People - Putting our residents first and at the heart of all that we do, promoting civic pride.

Our Natural Environment - We will protect and enhance the borough's natural environment.

Our Built Environment - We will continue to improve our buildings, roads and footways and ensure that new buildings fit with the surrounding environment.

Financial Management - Maintain the solid approach to financial management that has delivered our success to-date and which will be vital going forward.

The London Borough of Hillingdon was one of the 32 London Boroughs created by the London Government Act 1963. It was formed by the amalgamation of the Borough of Uxbridge and the Urban Districts of Hayes/Harlington, Ruislip/Northwood and Yiewsley/West Drayton. The new borough came into existence on 1 April 1965, when the new Council started work. As well as taking on the work of the four previous district authorities, the Council became responsible for local services such as education, libraries, and children's services. These had previously been run by the Middlesex County Council, which ceased to exist on 1 April 1965. Hillingdon's purpose-built Civic Centre opened its doors to the public in 1977.

The London Borough of Hillingdon provides care and support to older people in residential nursing homes and for youngsters in residential children's and foster homes. The Council provides housing through ownership and maintenance of over 10,000 houses and flats held for Council tenants. The Council maintains a large proportion of the road networks within the borough, as well as collecting waste from homes and businesses. In addition, the Council runs a number of refurbished public libraries; deals with planning applications, and provides sports and leisure facilities. Instead of reducing services, the Council has made steps to invest in facilities available to residents because of sound financial management and a comprehensive Capital programme.

The Council employs approximately 2,500 staff inclusive of part time staff and has a population of around 305,900 (according to the 2021 Census). Hillingdon is an ethnically diverse borough with 33.3% of residents from Asian ethnic groups, 7.8% Black ethnic groups, 4.4% Mixed or Multiple ethnic groups, 48.2% White ethnic groups and 6.3% from other ethnic groups.

Hillingdon is rich in wildlife and wildlife habitat, including waterways; lakes; meadows, and nature reserves. Ruislip Woods has been designated London's first National Nature Reserve; whilst nearby Ruislip Lido boasts 60 acres of water. The borough also offers a host of sporting activities, including sports centres, many with newly refurbished gyms and two exceptional 18-hole and one 12-hole golf courses, including a championship standard course at Stockley Park. The arts and entertainment thrive, with The Beck professional theatre in Hayes, The Compass Theatre in Ickenham, and various other venues.

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2.2 Financial Performance

General Fund

The financial challenges facing the Council due to years of the Government's austerity programme, increased demand for services continued throughout 2023/24, with this position compounded by the wider economic environment and the current level of exceptional inflation, whilst also managing ongoing legacy issues driving by the global pandemic. Councils are starting to see Central Government funding increase, but this funding is still lagging behind pre-austerity levels, with 2023/24 compounded by inflation significantly outstripping increased funding, despite this, Hillingdon was still able to continue to maintain cash discounts against Council Tax for the over 65s in receipt of this benefit on 31 March 2023 for another year in 2023/24, without impacting on front-line services to the public. In addition, the Council was able to manage significant increases in demand for services and keep fees and charges significantly cheaper than neighbouring boroughs on a per capita basis.

Despite the challenges faced by the Council, of the savings target of £22,762k, £17,895k are either banked in full or classed as 'on track for delivery', while £4,867k were covered by alternative measures during 2023/24, the percentage of savings banked in 2023/24 has increased from the level achieved in 2022/23, with that year being impacted by high inflation and ongoing legacy impacts from the pandemic. This balancing of local demand for services and financial constraints has been successfully managed through the Council's Business Improvement Delivery (BID Transformation) Programme.

The Council's net revenue budget for 2023/24 totalled £263m, excluding those services such as schools and housing benefit, which are funded by specific funding streams. This net budget was supported by a combination of central government grant and locally raised Council Tax and Business Rates. The main driver for the funding increase from 2022/23 includes locally generated income from Council Tax, which was budgeted to grow by £6,261k as a result of the Council Tax increase, with a further increase in Government funding of £6,747k, with Business Rates generating an additional £4,054k as a result of the Council's rating list recovering from the pandemic, with this position being offset by a reduction in one-off income of £3,409k, primarily driven by the Council's ability to reduce the reliance of Earmarked Reserves.

Throughout the year, monthly budget monitoring reports were reviewed by Cabinet, enabling corrective action to be taken in response to emerging pressures, whilst continuing to deliver on the Council's priorities for residents. Strong financial management, coupled with an ambitious BID Transformation Programme, delivered an improved position against budget at outturn.

General Fund revenue budgets reported an overall underspend of £6k against planned expenditure budgets based on normal activities. As a result, this underspend led to an increase in the Council's General Balances. The General Fund balance totalled £26.8m at year-end. Underspends across the Council were mainly driven by a favourable variance against the Council's Treasury activities, offset by pressures within Housing, Children's and Adults Social Care. The General Fund balance of £26.8m plus controllable earmarked reserves of £8.3m are moderately above the minimum reserve balance level set for 2024/25 of £32m.

Since April 2013, local authorities have been able to retain a proportion of business rate growth income from their area. Until 2017/18 this proportion was 50% retention, with 30% of this value retained locally by the Council. In November 2017, Leaders of London local authorities collectively approved the principle of a Business Rates Retention Pilot Pool for the capital. In 2020/21 the Government ended the pilot status for the London Pool, however London Authorities continued to pool benefits without the pilot status but benefit from maximising the top-up and tariff system. However, due to the impact of the pandemic on the London-wide rating list the pool made a small loss, the decision was therefore taken not to pool Business Rates across the capital since 2021/22.

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The outturn for the General Fund revenue budget is set out below:-

	Outturn 2023/24
General Fund Services	£'000
Finance	33,071
Health and Social Care	97,373
Children, Families & Education	73,689
Property, Highways & Transport	8,932
Residents' Services	28,942
Corporate Services	25,956
Service Operating Budgets	267,964
Funding	(267,970)
Outturn Total	(6)

Details on how the General Fund outturn position for management decision-making links through to the Comprehensive Income and Expenditure Statement (CIES) surplus for the year, in accordance with accounting standards, can be seen in the Expenditure and Funding Analysis (EFA) note which precedes the CIES.

Housing Revenue Account

The Housing Revenue Account (HRA) delivered an in-year drawdown from its HRA general balances of £0.1m. As a result, HRA general balances total £15.1m at 31 March 2024 (£15.2m 31 March 2023). In addition, the HRA holds £3.2m in the major repairs reserve (MRR) (£2.1m 2022/23) to fund future capital works.

There have been 49 Right-to-Buy sales of Council dwellings as at the end of March 2024 (58 in 2022/23) which resulted in a gain on sale of assets when comparing the sale price to the Social Housing value in the Council's accounts.

Capital Investment

The Council's programme of capital investment for 2023/24 totalled £127.3m (£110.7m in 2022/23) and was funded from a range of sources. These sources of funding included grants, contributions from revenue resources, proceeds from asset sales, and prudential borrowing.

An under spend of £64.9m is reported against the 2023/24 General Fund capital programme, consisting of £3.5m cost underspends and £61.4m re-phasing for various projects and programmes that are continuing into future years.

Investment during 2023/24 on the General Fund totalled £66.1m and HRA £61.2m. Significant General Fund investment included a further £6.2m towards the construction of the new Platinum Jubilee Leisure Centre in West Drayton, due to be completed in 2025/26. A further £6.3m on towards installing solar panels on four council buildings. A further £8.6m has been contributed towards several expansion projects to increase provision for pupils with special educational needs (SEND). There was also significant spend of £8.01m highways infrastructure and street lighting.

In 2023/24, new affordable housing construction within the HRA was continued at the redevelopment of the former Maple and Poplar Day centre in Hayes to provide 34 modern homes. A further £9.7m was invested in the Hayes Estate Regeneration schemes. A further £17.7m was invested in acquisitions of numerous properties to increase the number of available Council housing stock, and £23.6m in improvements to the existing council housing stock.

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Investment Strategy

The Council lends money to, and has a 100% shareholding in one subsidiary, Hillingdon First Ltd. This is classed as an "Investment for Service Purposes". The objective is to deliver a financial return to the Council and provide housing and or a commercial unit for sale or rent. This will be achieved by generating long-term sustainable revenue streams through the delivery of high-quality housing to meet the need of Hillingdon's residents. The Hillingdon First Ltd shareholder agreement and memorandum of association sets out in detail the governance arrangements and provides details of the operating framework, controls and reporting requirements. As at 31 March 2024, the Council holds £6.7m in equity at fair value in Hillingdon First Limited, an investment made in 2019/20. The council intends to make further loans as necessary and in accordance with the council's treasury management and investment strategies.

The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. While one of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. To limit these risks, upper limits on the sums invested in each category have been set. Furthermore, the Council is protected against any loss through a charge over the assets of Hillingdon First Ltd.

The Council assesses the risk of loss before entering into and whilst holding service loans. The Council aligns loan durations with each specific development. A specific loan agreement will be drawn up for each development using the agreed schedule as a framework. Hillingdon First Ltd will be required to provide full development scheme details to the Shareholder Committee (acting on behalf of the Council as shareholder) before the loan facility can be drawn down for specific expenditure on that development.

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Treasury Management

The Council takes a very prudent strategic approach in investing its cash balances to ensure money is invested at a very low level of risk. The strategy for investing funds first considers the security of the deposit, the liquidity of investments and then the return on the investment.

Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 5.25% in August 2023 with a 3-way split in the Committee's voting as the UK economy appeared resilient in the face of the dual headwinds of higher inflation and interest rates. Bank Rate was maintained at 5.25% through to March 2024.

The Council adheres strictly to counterparties that have been agreed through the Treasury Management Strategy, consisting of other local authorities, instant access funds, and institutions with a credit rating A- or above. The total investment income received this year was £4,001k (£2,392k in 2022/23). Investment income returns for the year on internally managed cash yielded 4.92% (2.13% in 2022/23). The Council also continued as part of its investment strategy to invest £15m in more strategic pooled funds that return dividends, with an average return of 4.15% (3.43% in 2022/23). Rising market interest rates in recent years have reduced the fair value of bonds held within these strategic pooled funds, and previously up to 31st March 2023, an adverse movement of £1,507k had been reported. This has improved with a gain of £438k in 2023/24 and the fair value as at 31st March 2024 is now a loss of £1,069k. The DLUHC IFRS 9 pooled investment fund statutory override for English authorities for fair value gains and losses on pooled investment funds is due to expire with effect from 1st April 2025. Under the regulations, gains and losses resulting from unrealised fair value movements relating to treasury pooled investment funds, that otherwise must be recognised in profit or loss under IFRS 9, are not charges to the revenue account, and must be taken into an unusable reserve account.

Although internal borrowing continued to be utilised during the year, external borrowing was also required during 2023/24 to ensure liquidity was maintained. Overall the total loan portfolio increased by £32.5m with total loan balances at year-end of amounting to £356.2m (GF £158.6m, HRA £197.6m). New loans of £50m were taken under the HRA to take advantage of the concessionary PWLB rate for HRA capital financing, of which £20m were short term (12 months). There was no new long term General Fund borrowing with borrowing throughout the period consisting of £64m temporary local authority loans, offset by £70m which matured resulting in a net £6m reduction in temporary loans.

Over the year the Council's loan portfolio had an average interest rate of 3.31% (2.60% 2023/24) reflecting increases in market rates. Interest paid over the year totalled £10.26m (GF £4.87m, HRA £5.39m), an increase of £1.46m from 2023/24.

Change in Accounting Practice

There were no material changes to the 2023/24 Code resulting in any meaningful alteration in accounting policies. The adoption of IFRS16 Leases is mandatory for local authorities from 1st April 2024, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Property, Plant and Equipment

A net loss on disposal of £22.0m has been recognised in the Comprehensive Income and Expenditure statement, comprising a loss of £28.7m in the General Fund primarily due to academy transfers and a gain of £6.7m related to HRA Right-to-Buy sales. However, this profit is an accounting profit only, as social housing is accounted for in the balance sheet at 25% of its market value to comply with social housing valuation methodology in London, as a result replacement of these housing units would be more expensive. In 2023/24 there were gross capital receipts amounting to £13.8m (£8.6m in 2022/23) obtained on thirteen General Fund sites.

2.3 Non-Financial Performance

Environment

The council has retained its status as one of the greenest boroughs in the country after receiving 67 Green Flag Awards – the most held by any local authority. It is the eleventh year running the council has achieved the top spot for its green spaces through the national– and international – awards scheme which recognises and celebrates most beautiful and well-managed parks in the UK and beyond.

The council's award-winning rain gardens in Eastcote, which help prevent localised flooding, were given a £12,000 makeover with hundreds of new plants during Spring 2023. During the past few winters, the plants have been affected

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by the cold, with some dying off. Almost 1,000 new plants have now been restored to the 15 rain gardens following the work in May 2023, with species including hebe (a favourite of bees), miscanthus, panicum, stipa, pennisetum and various grasses.

In January 2024, a new decarbonisation programme got underway at the Civic Centre, Uxbridge with the arrival of 10 air source heat pumps, as the council continues to make strides towards its target for its operations to be carbon neutral by 2030. The Civic Centre is the first of four buildings earmarked for a carbon-reduction makeover, with the air source heat pumps and a high-capacity heat recovery cylinder delivered as part of an initiative that will see 12 more heat pumps installed on the roof of the building's main plant room, a further 12 in the goods yard, and four more at the rear of the site's Middlesex Suite.

Leisure and Culture

In July 2023, works completed to transform the play area in Fassnidge Park, Uxbridge, as part of the council's four-year £1.6 million refurbishment programme. In total, 23 playgrounds on housing estates and in parks across the borough will see their ageing play equipment replaced with modern, accessible and inclusive facilities.

Also completed during summer 2023 were Albion Road playground, Hayes, where new equipment includes a three-way see-saw, fireman's pole, an extra wide slide, double tower multi-play unit and a wheelchair-accessible roundabout, and St Peter's Road playground in Cowley, where equipment includes a new climbing agility unit, cradle seat swing, springer, inclusive see-saw, and a junior multi-unit specifically for younger children.

On Friday 29 September 2023, the council celebrated the opening of Harmondsworth Recreation Ground's newly renovated tennis courts. This marked the completion of a £240,000 investment programme, which saw the council invest £60,000 and secure a £181,175 grant from the Lawn Tennis Association (LTA) and the government to revitalise 15 of the borough's tennis courts.

In October 2023, the council opened an accessible cycle hub in Uxbridge which will give people with health, learning and physical conditions the opportunity to use six specially adapted cycles. The £57,000 council-funded project not only provides specialist cycles and storage facilities, but also cycling instructors who will facilitate sessions, as necessary.

Schools & Children's Services

In December 2023, the council formally opened its second fully refitted and inclusive family hub in Hayes. The former ASHA Day Care Centre, near Coldharbour Lane, has been remodelled into a multifunctional site which incorporates a wide range of integrated services for families and children. The new hub includes children's centre groups and sessions, outdoor space for play, youth services, parenting programmes, SEND support, adult education opportunities and pre and antenatal maternity support for children, young people and their families. Services can be offered in person or online, giving visitors access to counselling, mentoring, health visitors, a sexual health clinic, baby groups and much more.

Also in December 2023, the council had completed work at two primary schools to enhance facilities and create additional places for children with special educational needs (SEND). The council has created a new and bespoke specialist resource provision (SRP) at the school, offering group and therapy rooms, classrooms for Key Stage 1 and 2, a utility space, toilets and a welcome space. This will provide an additional eight students with autistic spectrum conditions (ASC) with support.

The council's Children's Services has been judged as one of the best in England, following an 'Outstanding' Ofsted report in November 2023. Inspectors praised "excellent council staff" and "exceptional practice" for enhancing the lives of children and families in Hillingdon.

On Friday 23 February 2024, the council celebrated the completion of improvement works at Hillside Infant School in Northwood and held an event to mark the steel frame being installed as part of school expansion works at Meadow High School in Uxbridge. The council has invested £800,000 into the installation of new flat roofs and skylights at Hillside Infant School. The new roofs will significantly reduce heat loss and deliver long-term energy savings, and the new rooflights will allow more natural light into the building.

Social Care

The remarkable achievements of care experienced children and young people were celebrated at the council's fun filled and glamorous annual KICA event on Sunday 17 September 2024. Four hundred children, carers and friends were

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brought together to recognise the children and care leavers' determination and successes at the special ceremony at Stockley Marquee at Stockley Park Golf Course.

Protecting Residents

Two more council car parks have been given lighting upgrades to improve safety for visitors and make them more energy efficient. Work at the Cedars car park in Uxbridge and Blyth Road car park in Hayes completed during Summer 2023. The new 24-volt intelligent lighting system will cut energy costs and carbon emissions and tackle residents' concerns about safety by ensuring, bright, evenly distributed light at night.

People Resources

The Council is continuing to recruit and develop existing staff onto apprenticeship programmes across a range of services, with 110 apprentices across the Council in 2023/24.

2.4 Risks and Opportunities

With pressure on resources available increasing as a result of reduced funding, demographic changes and inflation pressures there could be a risk to future service provision. The Hillingdon Improvement Programme (HIP) is aimed at delivering a range of key improvements to the way the Council works and improving services to our residents. Since its introduction, it has delivered impressive savings across the Council and championed a variety of initiatives.

Strong financial management and a commitment to putting our residents first, are at the core of the HIP programme and underpins all projects. Our Business Improvement Delivery (BID) programme aims to deliver services that resident's value, and to identify and improve the way the Council works. Reviews with services during 2023/24 to assess efficiencies and potential changes in ways of working, formed the basis of the MTFP for 2024/25 and are being facilitated and supported by the wider Transformation team. These, coupled with longer term strategic reviews, form the Transformation programme to meet the requirements of the MTFP.

The Council incorporates a number of service specific Demand-Led Growth assumptions into its budget to provide for areas of expenditure where there is a greater degree of uncertainty or are subject to demographic pressures. In 2023/24, the Council utilised this budget resource for Impact of growing demand for Homelessness services; Waste disposal Levy, and Social Care demographic pressures. The Council has increased the approved budget by £9m for Demand-Led Growth in 2023/24, with demand-led services continuing to be impacted by the cost of living pressures and legacy impacts driven by the pandemic.

2.5 Looking Ahead – Strategy and Resource allocation

Looking into the medium financial outlook, the underlying savings requirement is driven primarily by inflation as a result of the extreme inflation rates being experienced nationally and globally; with further pressures being driven by demand-led pressures, and capital financing costs. An uplift in funding is projected over this period as a result of steady growth in the Council Tax taxbase alongside an increase in Retained Business Rates as a result of an increase in the Business Rates multiplier for 2024/25, alongside releasing the benefit of the April 2023 revaluation. Following the Final Local Government Settlement for 2023/24, the Council's grant funding from Central Government grew by £6,747k in to 2023/24, with the 2024/25 settlement confirming an additional £3,095k for 2024/25.

The combined effect of the medium-term forecast position is a headline savings requirement of £51.9m over the next five years to 2028/29, with the five-year budget strategy identifying a saving programme of £33.4m, leaving a budget gap of £18.5m, which represents a challenge on a similar scale to the £51.0m of pressures managed over the period from 2019/20 to 2023/24. In contrast to the previous five years, when reductions in funding were the single largest contributor to the budget gap, the projected gap is very much driven by growth in expenditure as a result of the exceptional inflationary environment forecast to last throughout 2023/24 and into 2024/25, partially mitigated through continuation of the increased government support from 2024/25 onwards, particularly for Social Care, although there remains a lack of clarity of Government funding beyond the current Spending Review that ends on 31 March 2025.

The budget for 2024/25 includes releasing no further funding from general balances, but does propose to increase controllable balances by £1.5m per annum over the next 5 years. The current budget strategy leaves minimal controllable balances above the recommended minimum level available, to manage emerging risks.

A cumulative deficit of £47.5m is shown in the accounts on the retained element of the Schools Budget at 31 March 2024, with this balance being impacted by the suspension of the Council's contributions to the deficit included in the Safety Valve agreement, however, the Safety Valve agreement with the Department for Education is set to ultimately

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recover the deficit. This deficit primarily relates to funding as determined under the Department for Education's national funding formula, failing to keep pace with growing demand for high needs placements for pupils with Education, Health and Care Plans, following introduction of the 2014 Children and Families Act. The Council's Medium Term Financial Strategy continues to be developed on the Safety Valve Agreement that the Council has entered with the Department for Education (DfE) following Cabinet's ratification of the agreement at Cabinet in March 2022.

Based on the current medium-term outlook, there is a residual savings requirement of £51.9m over the period 2024/25 to 2028/29. Some of this savings requirement has been established through expected funding increases, predominantly within Council Tax and a multi-year saving programme, leaving a remaining budget gap of £18.5m still to be identified. Given the size of the budget gap going forward and size of the 2024/25 saving programme, delivery will need to be stepped up going forward. This will include the continued need for an expanded and accelerated BID Programme. Alongside the more strategic BID workstreams under development, the routine MTFF work streams such as zero-based budgeting and annual reviews of charging policies will continue.

Looking forward the Councils Capital Programme 2024/25 to 2028/29 has an approved budget of £377m, with £104m to be funded from prudential borrowing after prioritising use of grants and third-party funding, maximising application of developer contributions and where possible using capital receipts. Specific projects on the Capital Programme include a continuation of the Schools Expansions programme, a new leisure centre in West Drayton, Carbon Zero Initiatives, Civic Centre Transformation, street lighting replacements, expanding and improving CCTV coverage as well as investments into technology and highways.

Looking into the medium financial outlook the underlying savings requirement is driven primarily by inflation, with 2024/25 forecast to remain particularly high compared to recent trends, with further pressures coming from demand-led pressures and capital financing costs. An uplift in funding is projected over this period as a result of steady growth in the Council Tax taxbase and an increase in retained Business Rates from the increase in the multiplier in 2024/25. This increase in funding is not guaranteed, particularly with the uncertainty in the increase in the taxbase for Council Tax as the high inflation environment continues to impact on the construction industry and high interest rates continue to impact mortgages. These drivers also impact on the stability of the Business Rates rating list and their impact on industry and local businesses, as well as the long-term impact of the pandemic and the changes the pandemic has had on everyday life, hence there is a risk that the savings requirement will be higher than that stated in the current MTFF strategy.

2.6 Statements within the accounts

General

The movement in the Balance Sheet of £100.6m in year largely consists of reductions to net liabilities related to defined benefit pension schemes and increases to long term assets due to a combination of valuation movements and additions and enhancements to the asset base from capital expenditure in year.

Any minor movement in the underlying IAS19 pension assumptions results in a large swing in the overall deficit position. For 2023/24 an increase in the net discount rate has reduced the value placed on the Fund's liabilities and contributed to an overall favourable impact.

The core accounting statements comprise: -

Comprehensive Income and Expenditure Statement

This statement reports the net cost for the year of all functions for which the Council is responsible and demonstrates how that cost has been financed through income from taxpayers and general government grants. The income and expenditure is split by Council service. The surplus or deficit on this account represents the amount by which income is greater than, or less than expenditure.

The statement shows a deficit of £69.8m (£56.5m deficit in 2022/23) on the provision of services for 2023/24. Of this, a deficit of £88.2m relates to General Fund balances and a surplus of £18.4m relates to the Housing Revenue Account. Additional reserve movements, including earmarked and schools shows an overall drawdown of £7.5m.

To comply with statutory accounting requirements there are various items that are accounted for through the Comprehensive Income and Expenditure Statement such as depreciation, revaluation and impairment losses, and losses on disposal. These items are removed for the purposes of Council Tax setting as they are accounting items and

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do not affect the funding of services, as a result these items of expenditure are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Movement in Reserves Statement

This statement reconciles the outturn on the Comprehensive Income and Expenditure Statement to the balance on the Council reserves, established by complying with relevant statutory provisions, showing the true economic cost of providing the Council's services. The statement splits the Council's reserves into usable and unusable balances, and shows movement to and from them during the year. Usable reserves are those that can be applied to fund expenditure or reduce local taxation. Unusable reserves are those balances over which the Council has no direct control, which arise from differences in accounting and statutory reporting requirements.

Usable reserves increased by £1.9m to £119.0m in 2023/24. Within this movement there was an increase in General Fund balances of £6k and a decrease in HRA balances of £0.1m. There was a decrease in Earmarked reserves (including schools' reserves) of £7.5m, partly due to a net draw down of £4.0m in the Inflation Volatility reserve to manage inflation risks. A new HRA development and acquisitions reserve of £6.8m was created in 2023/24. Other movements included transferring unspent capital grants of £2.1m to the Capital Grants Unapplied Reserve to support future financing of capital projects.

Unusable reserves increased by £98.8m to £1.496bn in 2023/24, mainly due to the decrease in the Pension Fund liability of £77.6m, reflected in the Pensions Fund increasing by the same amount, and upward movement in property values increasing the Revaluation Reserve by £56.9m. There was an increase of £17.6m in the Capital Adjustment Account partly due to capital expenditure in year financed from capital grants and contributions. The Collection Fund Adjustment Account increased by £7.4m.

To support the Movement in Reserves Statement, Note 4 to the accounts shows the Adjustments between Accounting Basis and Funding Basis under Regulations. This note reverses the items of income and expenditure that are required to be credited or charged to the Comprehensive Income and Expenditure Statement, that do not affect the General Fund balance for Council Tax purposes. Total adjustments for 2023/24 were £73.1m within the General Fund, adjusting the General Fund position for Council Tax purposes to a surplus of £6k.

Balance Sheet

This shows balances and reserves at the Council's disposal at year-end, together with its long-term indebtedness, net current assets employed in its operations and summarised information on non-current assets held. It excludes funds held in trust for others and Pension Fund assets that are reported in the separate Pension Fund accounts.

The total net worth of the Council in 2023/24 was £1.615bn (£1.515bn in 2022/23). The largest items within the Balance Sheet consist of long-term assets valued at £2.183bn, net pension liabilities of £183.1m and long-term borrowing of £246.3m. The main contributors to the movement came from the reduction in pension liabilities, and the increase in value of Plant Property and Equipment.

The Council maintains reserve balances to meet the cost of unforeseen demands or events and as a result keeps a minimum level of balances. As at 31 March 2024 the Council has £26.8m General Fund balances and £10.1m Earmarked Reserves (excluding schools' balances) held for specific purposes. Further details on Earmarked Reserves can be seen in Note 5 to the accounts.

Cash Flow Statement

This summarises all movements in cash and cash equivalents arising from both revenue and capital transactions with third parties. It excludes funds held in trust for others and the Pension Fund. There was a decrease in cash and cash equivalents in 2023/24 of £13.6m.

Supplementary accounting statements comprise:

Housing Revenue Account (HRA) Comprehensive Income and Expenditure Statement

There is a statutory duty to account separately for Local Authority housing provision. The HRA Income and Expenditure Statement shows in detail the income and expenditure on HRA services included in the Council Comprehensive Income and Expenditure Statement. It includes the major elements of Council housing revenue expenditure on maintenance; administration; capital financing costs, and major income sources such as rents.

Narrative Report

There was a surplus in 2023/24 on HRA services of £17.6m (£9.4m in 2022/23).

Statement of Movement on the Housing Revenue Account Balance

This shows how the HRA Income and Expenditure Statement surplus or deficit for the year reconciles to the movement on the Housing Revenue Account balance for the year. It shows income and expenditure that is credited or charged to the HRA balance by statute or non-statutory practices, to reconcile the amounts charged to Housing tenants. For example, revaluation gains and losses on Council dwellings and gains/losses on disposal of asset are reversed.

Overall, the HRA was in deficit by £0.1m in 2023/24 (deficit of £0.2m in 2022/23), after adjustments made in the Statement of Movement on the HRA Balance and transfers to the Major Repairs Reserve.

Collection Fund Revenue Account

The Collection Fund is a separate account into which amounts raised from local taxation are paid through Council Tax and Business Rates, and from which payments are made to precepting authorities including the Council itself. An in-year surplus of £5.5m is reported on Council Tax with a carried forward surplus of £2.3m.

An in-year surplus of £10.6m is reported on Business Rates, creating a surplus within the carry forward balance on NNDR to £23.2m.

The share of Collection Fund activity relating to the Council is reflected in the main statement of accounts, with the remainder being treated as agency activity on behalf of the Greater London Authority and Central Government. 75% of Council Tax and 30% of Business Rates activity relates to the London Borough of Hillingdon.

Pension Fund Accounts

These show contributions to the Council's Pension Fund for members during the year, together with pensions and other benefits paid from it, movements in investments during the year and the financial position of the Fund at the end of the year. These accounts do not include any liabilities relating to payment of pensions and benefits in future years. The activity of the Pension Fund is not incorporated within the Council's core accounting statements.

This document also includes the following: -

Notes to the Accounts

The notes provide further explanation of figures contained in the core and supplementary accounting statements. The notes to the accounts include the Expenditure Funding Analysis, which precedes the core financial statements of this document to help the flow of information.

Statement of Accounting Policies

The accounts are produced in line with a set of policies and principles and can only be understood fully with awareness of these accounting policies.

Annual Governance Statement

This statement is a report from the Leader of the Council and Chief Executive setting out the: systems; processes; culture, and values by which the Council is directed and controlled, and its activities through which it accounts to, engages with, and leads the community. The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

Glossary of Terms

The glossary provides a definition of key terms used to aid understanding the accounting statements.

Statement of Responsibilities for the Statement of Accounts

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Corporate Director of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

Corporate Director of Finance Responsibilities

The Corporate Director of Finance is responsible for the preparation of the Council's 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 2020/21 ('the Code').

In preparing this statement of accounts the Corporate Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Local Authority Code.

The Corporate Director of Finance has also:

- Kept proper accounting records that were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Director of Finance Approval of Accounts

I certify that these accounts present a true and fair view of the financial position of the London Borough of Hillingdon, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in United Kingdom ('the Code'), as at 31 March 2024 and its income and expenditure for the year then ended.

Andy Evans
Corporate Director of Finance
28 June 2024

Accounts currently unaudited

Independent Auditor's Report

To Follow

DRAFT

Statement of Accounting Policies

GOING CONCERN

The Council is required to prepare an annual Statement of Accounts which summarises the Council's transactions for the 2023/24 financial year and its position as at the year-end of 31 March 2024. The Statement of Accounts must be prepared in accordance with proper accounting practices as per the Accounts and Audit Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 supported by International Financial Reporting Standards (IFRS).

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

The accounts are prepared on a going concern basis, assuming that the functions of the Council will continue in operational existence for the foreseeable future from the date that the accounts are approved.

The main factors that underpin this assessment and considered below include the Council's current financial position, projected medium-term forecast, and cashflow management process in the context of the ongoing impact of inflation and other external factors affecting the wider economy.

The narrative section 2.2. Financial performance contains detail of the Council's General Fund revenue budget outturn position. The Council maintained its record of operating within budget, reporting an underspend of £6k against planned expenditure budgets before transfers to reserves. The General Fund balance totalled £26.8m at year-end. This position is being driven by a favourable variance from the Council's Treasury activities offsetting pressures within Housing, Parking Services and Education Services. For context the Council's prudent minimum balance on the General Fund and controllable reserves is £32m for 2024/25. As at 31 March 2024 held £35.1m comprising £26.8m General Fund balances and £8.3m controllable reserves.

The 2024/25 budget and five-year budget strategy was reported to Cabinet in February 2024. The General Fund budget for 2024/25 has been prepared in the context of a five-year strategy, which incorporates the impact of a comprehensive review of capital investment plans and strategic savings programme in the context of challenging economic circumstance globally, nationally and locally. With 2024/25 being the final year in the current Spending Review period and with no indication from Government on local authority funding from 2025/26 and beyond, there remains a significant amount of risk within the Council's funding position whilst the sector awaits an update from Government. The Council continues to operate in a high inflationary environment whilst residents deal with cost-of-living pressures, with the Council also continuing to see legacy impacts from the pandemic impacting on demand for Council services.

To mitigate pressures, the Council has identified a significant saving programme for 2024/25, with the Council including savings initiatives totalling £15.8m. As in previous years, savings proposals for the forthcoming financial year are specific in nature, with medium-term plans structured around wider strategic approaches to transformation of local services. Proposals have been developed within the themes of Service Transformation, Effective Procurement, Digital Strategy, Workforce, Managing Demand and Income Generation & Commercialisation and Zero Based Reviews.

The Council proactively manages its cashflow, maintaining a daily forecast of available funds and ensuring that liquid cash and deposits of at least £10m are available at all times. Together with the reprofiling of funding and payments to government, this has continued to ensure that inflationary pressures have been managed within the available cash envelope. This minimum level of liquid cash is held in a combination of UK banks, Money Market Funds and HM Treasury's Debt Management Account Deposit Facility (DMADF), with additional deposits of around £15m held in Strategic and Long Dated Pooled Funds accessible within four working days.

The Council's cashflow forecasts project to maintain at least £10m in liquid cash and deposits at 31 March 2024 through to 31 March 2025. Liquid deposits are supplemented by the Council's ability to borrow short-term from other local authorities and ultimately borrowing from the Public Works Loans Board could be secured within five working days. The Council continues to retain significant borrowing headroom against the Capital Financing Requirement and would therefore have no operational or governance barriers to securing borrowing at short notice if required. The latest forecasting of capital financing requirements is that these are in line with budget projections and a strategy is in place to secure all required borrowing over the medium-term.

It is therefore noted that there is headroom within the General Fund to absorb the estimated financial impact of inflation in the short to medium-term with the Council proactively managing its financial position to make provision for actual and potential risks as part of the MTFF and budget monitoring processes. Furthermore, the Code requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the Council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

Statement of Accounting Policies

The going concern period of assessment is twelve months from the authorisation date of the financial statements.

CAPITAL

1. 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 for administration purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis in the accounts, provided that the asset yields benefits to the Council for a period of more than one year and the cost of the item can be measured reliably. This excludes expenditure on routine repairs and maintenance of non-current assets that is charged directly to service revenue accounts when 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; and
- 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 will not increase the cash flows of the Council. In the latter case, 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 valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and guidance notes issued by the Royal Institution of Chartered Surveyors (RICS). Property, Plant and Equipment are included in the balance sheet on the following basis:

- Community assets and assets under construction are included in the balance sheet at historic cost less impairment.
- Dwellings are carried at fair value, determined using the basis of existing use value for social housing.
- Surplus assets are measured at fair value, estimated at highest and best use from a market participant's perspective.
- All other asset classes are measured at fair value in its existing use. For land, buildings and assets which are not held for the purpose of generating cash flows, the fair value represents the amount that would be paid for the asset in its existing use. Where there is no market-based evidence of fair value due to the specialised nature of the asset, the asset is valued at its depreciated replacement cost.
- Plant and machinery forming an integral part of the property is included in the valuation of the buildings. Other plant, machinery, vehicles and mobile units have been given a value on the basis of historical costs as a proxy for current value.

Assets included in the Balance Sheet at fair value are re-valued regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum, assets are valued 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 revaluation loss previously charged to a service).

Where decreases in value are identified, the revaluation loss is accounted for as follows:

- 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) with any excess written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Statement of Accounting Policies

- 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 in the Comprehensive Income and Expenditure Statement.

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

A de minimis value of £10k has been set for capital purchases. This limit also applies to valuations. De minimis expenditure is charged to revenue but, where permissible and appropriate, it is financed as though it were capital expenditure.

The Council only includes maintained schools in its asset register and only where it owns or controls the assets; this includes foundation schools. Academies are external to local authorities and are not included. The Council does not own or control Voluntary Aided school assets as they are owned by the Diocese or Church of England and the value of these assets are not included in the Council's Balance Sheet.

The equity investment in the 100% wholly owned subsidiary of Hillingdon First Limited is classified as capital expenditure.

Impairment / Revaluation Loss

An impairment review of all assets is undertaken at the end of each financial year. Losses arising from an impairment or revaluation loss are written off against any revaluation gain attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account in the Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is provided in the accounts in accordance with the International Accounting Standard (IAS) 16 and CIPFA guidelines. IAS 16 states that depreciation is to be provided on all Plant, Property and Equipment, other than for assets without a determinable finite useful life (i.e. freehold land, certain Community Assets and certain heritage assets) and assets that are not yet available for use (i.e. Assets Under Construction). The depreciation policy is that depreciation is calculated on a straight-line method and is based on the following useful lives approach unless specific information exists for an asset:

Infrastructure	40 years
Vehicles, Plant, Furniture & Equipment	3 to 30 years
Council Dwellings	Depreciated on straight line basis over maximum useful life up to 60 years
Other Land & Buildings	Useful life varies depending on the condition, type and usage of the asset, up to 60 years for buildings and infinite life for Land.
Surplus Assets	Useful life varies depending on the condition, type and usage of the asset
IT Equipment and Intangible Assets	5 to 7 years

Where an item of Property, Plant and Equipment has major components with useful lives different to the main asset, and the cost of that component is material (20% or £1m), the asset is split into component parts and depreciated separately. Where component assets are replaced, the carrying value of the asset is reviewed with an estimate made on the carrying amount of the old component being replaced to be written out.

Revaluation gains are also depreciated with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Depreciation is charged annually and is charged in full in the year of disposal and not in the year of acquisition. Assets under construction do not incur depreciation until they are complete. Depreciation is not charged on assets classified as held for sale.

Statement of Accounting Policies

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction expected within the following year, rather than through its continuing use, it is reclassified as an Asset Held for Sale. There must be a management decision that the asset will be sold and it must be actively marketed. The asset is re-valued 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 net loss on disposal of non-current assets line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses.

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

When an asset is disposed or decommissioned, any loss or profit on disposal is recognised on the face of the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10k 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 or Housing Revenue Account Balance in the Movement in Reserves Statement.

The flexibility over the use of capital receipts generated in the year in which they were received will be taken as per statutory guidance from the Department for Levelling Up, Housing and Communities to finance costs associated with service transformation and support the Dedicated Schools Grant safety valve agreement to reduce the deficit on the DSG.

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. Therefore, the loss or profit on sale is appropriated to the Capital Adjustment Account from the General Fund Balance via the Movement in Reserves Statement.

Council houses are sold at a discount in accordance with the legislative requirements. Some land and property may be sold at a discount or at nil value to housing associations in return for nomination rights (i.e. taking tenants from the Council's waiting list); other assets are sold at market value.

Commitments to make stock transfers are valued at estimated tenanted market value at the time the transfer is agreed, and an adjustment made to the non-current assets with any loss charged to the HRA Comprehensive Income and Expenditure Statement. An adjustment is made to non-current assets for any change to this valuation at the time of actual disposal.

Deferred credits on the Balance Sheet relate mainly to the sale of Council houses and reflect the amount of mortgage principal outstanding on sales, which will be transferred to capital receipts when paid.

Grants and contributions: Where grants and contributions are received that are identifiable for spend on Property, Plant and Equipment, the income is credited to the Comprehensive Income and Expenditure Statement under Taxation and Non-Specific Grant Income. These are then transferred to the Capital Grants Unapplied Reserve if not used and the Capital Adjustment Account when applied. If the grants have a condition for repayment and remain unapplied at the end of the year, they are held on the Balance Sheet as creditors.

2. Heritage Assets

The Council owns a number of heritage assets across the borough. The primary objective of holding these assets is for increasing the knowledge understanding and appreciation of the local history within the borough.

Where there is an open market, such assets will be valued at market value; assets with no marketable value will be held at replacement cost.

Where it is impossible to establish a value by either of these methods, the Council will consider other valuation methodologies such as insurable value; otherwise, the asset will be held at nil value but disclosed as a note to the accounts. Further details can be found in the Heritage assets note to the accounts.

Statement of Accounting Policies

Acquisitions of heritage assets can be made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at market value or other valuation methodology.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

3. 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, such as software licences, are only recognised on the Balance Sheet when they are purchased or where internally developed and the Council can demonstrate:

- The technical feasibility of completing the asset;
- Its intention and the availability of adequate resources to complete the asset;
- Its ability to use or sell the asset;
- How the asset will generate future economic benefits or deliver service benefits; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are included at historical cost and only re-valued in line with IAS 38, 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. Intangible assets are amortised over their useful life to the relevant service line 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 in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the net loss on disposal of non-current assets line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and 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 Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

4. Charges to Revenue for Non-Current Assets

Service revenue accounts, support services and trading accounts are charged the following amounts to record the real cost of holding non-current assets during the year:

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

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by a revenue provision 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.

5. Revenue Expenditure Funded from Capital under Statute

Revenue Expenditure Funded from Capital under Statute represents expenditure that may properly be capitalised, but which does not result in the creation of a non-current asset, for example housing association grants, capital expenditure on non-maintained schools and housing improvement grants. Such expenditure is taken to service revenue in the year in which the expenditure is incurred. Where the Council has determined to meet the cost of this from existing capital resources or by borrowing, a transfer to the Capital Adjustment account reverses the amounts charged to the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement so there is no impact on the level of Council Tax.

From 1 April 2016, extended to 31 March 2025 the Council is allowed under Guidance published by DLUHC to flexible use of capital receipts on areas of revenue cost which generate ongoing savings to the Council. In the case where

Statement of Accounting Policies

revenue spend is identified as meeting the criteria to use flexible capital receipts, the Council will meet the cost of the reform through capital receipts generated during the same financial year. Where the Council has determined to meet this cost from capital receipts a transfer to the Capital Adjustment Account reverses the amounts charged to the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement so there is no impact on the level of Council Tax.

6. Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are re-valued annually according to market conditions at year-end. Gains and losses on revaluation are posted to the Net Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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 £10k) the Capital Receipts Reserve.

7. Leases

Assets are acquired under finance leases when the risks and rewards relating to the asset transfer to the Council. All other leases are classified as operating leases.

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

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

The Council as Lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease liability; and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by revenue provision 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.

Statement of Accounting Policies

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased Property, Plant or Equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

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 Net Loss on Disposal of non-current assets line in the Comprehensive Income and Expenditure Statement. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease 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 will be 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 Unapplied Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the relevant service 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.

8. 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 authority and the cost of the item can be measured reliably.

Statement of Accounting Policies

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 1 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

Sensitivity analysis was conducted to determine the appropriate useful life for all components of infrastructure assets on a weighted average basis, based on the minimum, midpoint and maximum useful lives as recommended by CIPFA and endorsed by the UK Roads Leadership Group Asset Management Board. It was concluded that 40 years is applicable. Annual depreciation is the depreciation amount allocated each year.

REVENUE

9. 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 or services are transferred to the service recipient in accordance with the performance obligations in the contract
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those rendered by the Council's officers) 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 there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. Disclosures will be omitted if the information is not material.
- The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.
- Where the authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the applicable exchange rate.

10. 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 working hours. Cash equivalents are investments that are held in instant access accounts, readily convertible to known amounts of cash with insignificant risk of change in value. Amounts held in fixed-term deposits not accessible within 24 working hours are not classified as cash equivalents, but as short-term investments. Any accrued interest will be treated in the same manner as the principal investment except for long-term investments with remaining terms in excess of 365 days; in these cases, accrued interest will be shown as short-term investments.

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

Statement of Accounting Policies

11. Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices when 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 by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

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

Due to the requirement to present the financial statements with figures rounded to whole thousands, the figures reported are subject to rounding errors which are negligible differences from the actual figures in the Council's ledger. Rounding errors in the accounts are kept to a minimum and do not materially affect the reliability of the information provided.

12. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave, paid sick leave, other leave and non-monetary benefits, where material, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. Any accrual made is required under statute to be reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Comprehensive Income and Expenditure Account when the Council is demonstrably committed to either terminating the employment of an officer or group of officers.

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 year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pension Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements 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

The Council participates in four defined benefit pension schemes-

- The Teachers' Pension Scheme;
- The NHS Pension Scheme;
- The London Borough of Hillingdon Pension Fund of the Local Government Pension Scheme (LGPS), administered locally by the Council; and
- The London Pension Fund Authority Pension Fund of the LGPS, which is a closed arrangement for former employees administered by the London Pension Fund Authority.

The accounts fully conform to the International Accounting Standard 19 (IAS 19) relating to Pension Fund liabilities. Both the Comprehensive Income and Expenditure Statement and the Balance Sheet reflect the effects of these requirements.

Statement of Accounting Policies

Teachers' Pension Scheme

- The Teachers' Pension Scheme is unfunded and administered on behalf of the Department of Education (DfE) by Capita. The pension cost charged to the accounts is the contribution rate set by the DfE on the basis of a notional fund. The arrangements for the teachers' scheme mean that the liabilities for the benefits cannot be identified specifically to the Council. As such the scheme is accounted for as if it was a defined contribution scheme and no liability for future payment has been recognised in the Council's Balance Sheet. The Schools Budget line in the Council's Comprehensive Income and Expenditure Statement is charged with the employers' contributions made into this scheme.

NHS Pensions Scheme

- The NHS Pension Scheme is unfunded and is administered by NHS Business Services Authority. The arrangements for the NHS scheme mean that liabilities for the benefits cannot be identified specifically to the Council. These schemes are therefore accounted for as if they are a defined contribution scheme and no liability for future payments of benefits is recognised in the Council's Balance Sheet. The relevant service line in Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

The Local Government Pension Scheme

- The pension liabilities attributable to the Council under the LGPS 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices.
- The Pension Fund assets attributable to the Council is included in the Balance Sheet at fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value
- The change in the net pensions liability is analysed into the following components:
 - Service cost comprising:
 - Current service cost – the increase in liabilities as 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 arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate Operating Budgets.
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council - the change during the period in the net defined benefit liability (asset) that arises from the passage of time – debited to the Financing and Investment Income and Expenditure 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 - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
 - Remeasurements comprising:

Statement of Accounting Policies

- The return on assets – excluding amounts included in net interest on the net defined benefit liability (asset) the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – debited to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to pension funds – cash paid as employer's contribution 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 appropriations to and from the Pension 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 year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact on 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 for 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.

13. Long Term Contracts

The Council has entered into a number of long-term contracts that have commitments beyond the period of account. These are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year. Material future fixed commitments are outlined in a note to the accounts.

14. Private Finance Initiative (PFI) Contract

The Council has one PFI contract which relates to an Academy school. The asset is not recognised on the Council's Balance Sheet as it is leased out to the Academy under a finance lease. The PFI liability continues to be recognised in the Council's accounts.

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 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 a finance lease)

15. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants, 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.

Statement of Accounting Policies

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution 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 where 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/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Grant recognition will be considered and accounted for in accordance with the provisions of IFRS 15 and whether the Council is acting as a 'Principal or Agent'.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support the demands that development places on local areas. CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure covering administration costs.

16. Inventories and Work in Progress

Inventories held by the Council are de-minimis and from 2020/21 are expensed through the Comprehensive Income & Expenditure Statement.

17. Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council. The non-current assets of Voluntary Aided schools owned by faith organisations are found not to be controlled by the Council and as such the assets are not held within the Council's balance sheet under Property, Plant and Equipment.

18. Fair Value

Fair value measurement is defined by IFRS13 as 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. This definition is applied to all fair value measurement for non-operational property, plant and equipment, investment property as well as for financial instruments. Operational property, plant and equipment continue to be valued in line with its existing use. Fair value assumes the transaction to sell the asset takes place in the principle market for the asset or liability or in the absence of the principle market in the most advantageous market. When measuring non-operational property, plant and equipment, the fair value at highest and best use is adopted. Valuation techniques maximise known data and minimise the use of estimates or unknowns. This takes into account three levels of valuation inputs:

- Level 1 - Quoted prices
- 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

Statement of Accounting Policies

19. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation the existence of which 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.

20. 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.

21. Provisions and Reserves

The Council is required to set aside money to cover future known or anticipated liabilities and each reserve or provision should be clearly identifiable as to its purpose and usage.

Provisions

Provisions are established for any liabilities of uncertain timing or amount that have been incurred. Provisions are recognised when: -

- There is a present obligation (legal or constructive) as a result of a past event;
- It is probable that a cost will have to be met to settle the obligation; and
- A reliable estimate of the cost can be made.

Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and 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 a payment for expenditure against a provision is made, the expenditure is charged directly to that provision. All provisions are reviewed each year.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. 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.

Impairment Allowance

No provision is made for debts that are secured except in exceptional circumstances. Of all remaining debts, and excluding financial instruments where an expected credit loss model is applied, the Council makes an impairment allowance based upon continuous reviews of likely recovery undertaken by service managers and supporting finance staff.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund and/or HRA 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 transferred 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, retirement and employee benefits and do not represent usable resources for the Council.

In-year deficits relating to Dedicated Schools' Grant will be transferred to the Dedicated Schools Grant Adjustment Account through adjustments between funding and accounting under regulations.

Statement of Accounting Policies

22. 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 three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL)
- fair value through other comprehensive income (FVOCI)

Amortised Cost

Where the Council's business model is to hold investments to collect contractual cash flows these are classified as amortised cost. Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the agreement.

The Council recognises expected credit losses on all its financial assets held at amortised cost, either on a 12-month or lifetime basis. Lifetime losses using the simplified approach are recognised for trade receivables held by the Council. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Fair Value through Profit or Loss (FVPL)

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.

Any gains and 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.

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 shown described in item 18 Fair Values.

The Council has applied the statutory override to its long term strategic pooled fund holdings and any movements in the fair value will be reversed through the MIRS into an unusable reserve.

As the equity investment in Hillingdon First Limited is classified as capital expenditure any change in fair value will be adjusted through the MIRS into the Capital Adjustment Account.

Fair Value through Other Comprehensive Income (FVOCI)

Financial assets that are measured at FVOCI 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. Gains or losses arising from a change in the fair value will be reflected in the carrying amount of the instrument and updated in the Financial Instrument Revaluation Reserve.

Any gains and 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 with any accrued fair value change being released from the Financial Instrument Revaluation Reserve.

Financial guarantees entered into before 1 April 2006 are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required or a

Statement of Accounting Policies

contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

Financial assets and liabilities are set-off against each other where the Council has a legally enforceable right to set-off and it intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

23. Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

- Amortised Cost - contains all of an authority's financial liabilities that are not 'held for trading' or derivatives.

The liability is maintained in the Balance Sheet at amortised cost. Initial measurement will be at fair value, normally the amount of the originating transaction, less transaction costs where material. The effective interest rate is then calculated, 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. Annual charges to the Comprehensive Income and Expenditure Statement are made for interest payable and are based upon the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The amount presented in the Balance Sheet for most borrowings is the outstanding principal payable plus any accrued interest.

24. Redemption of Debt

The Council sets aside resources each year for the repayment of historical debt. Debt held by the Council is distinguishable into three types of loans:

(a) Maturity loans - where the principal is repaid in full on the date the loan matures and interest is paid every 6 months. The accrued interest is shown as part of the carrying value of the loan on the Balance Sheet.

(b) Equal Instalment of Principal (EIP) Loans - where an equal instalment of principal based on the life of the loan is repaid every six months. Interest is paid every six months based on the outstanding balance. The accrued interest is shown as part of the carrying value of the loan on the Balance Sheet.

(c) LOBO (lender's option, borrower's option) loans - where the principal is borrowed at a fixed rate of interest for a specified period of time, after which the lender has the option to change the rate of interest and the borrower has the option to continue with the loan at the new rate or repay the principal before maturity without penalty. If the lender does not change the rate, the principal is repaid in full on the date the loan matures. In the interim, interest payments are made every six months. The accrued interest is shown as part of the carrying value of the loan on the Balance Sheet.

Gains and losses on the repurchase or early settlement of borrowing are credited or debited to the Net Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is calculated by discounting the revised contractual cash flows with the original effective interest rate. This is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

25. Minimum Revenue Provision

Where the Council finances its capital programme through borrowing it must set aside resources annually through a Minimum Revenue Provision (MRP). This is within the revenue budget to repay the debt in later years. MRP will generally be charged over the useful life of the assets, beginning in the year after the asset becomes operational. In all cases the Council will consider the most prudent method of providing for debt repayment. The HRA makes a form of MRP to pay down its self-financing settlement debt over the 30-year business cycle on which the settlement is based as a provision for repayment of debt.

Statement of Accounting Policies

26. Collection Fund

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and national non-domestic rates (NNDR). The key features relevant to accounting for Collection Fund activity in the core financial statements are:

- In its capacity as a billing authority the Council acts as agent; it collects and distributes income on behalf of the major preceptors and itself.
- While the income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released and transferred to the General Fund of the billing authority or paid out of the Collection Fund to major preceptors.

As the collection of Council Tax and NNDR income is in substance an agency arrangement, cash collected by the billing authority from Council Tax debtors belongs proportionately to the billing authority and the major preceptors as do the risks. There will therefore be a debtor/creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of the cash collected from Council Taxpayers and local Business Ratepayers.

The Council Tax and NNDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NNDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

27. VAT

Income and Expenditure excludes any amounts relating to VAT, as all VAT collected is payable to HM Revenue & Customs. VAT is included in the Income and Expenditure statement whether of a capital or revenue nature only to the extent that it is irrecoverable.

28. Events after the Reporting Period

Events after the reporting period 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.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

29. Exceptional Items and Prior Year Adjustments

Exceptional items are included in the cost of the service to which they relate or on the face of the Income and Expenditure Statement if required to give a fair presentation of the accounts.

Account is taken of material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors by restating the comparative figures for the preceding period. The cumulative effect of prior period adjustments is included within the Comprehensive Income and Expenditure Statement for the current period.

30. Assumptions Made About 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.

Statement of Accounting Policies

The items in the Council's Balance Sheet as at 31 March 2024 for which there is significant risks of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the levels of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>Assets are subject to a 5-year rolling valuation and assumptions are made by the specialist valuer regarding market indicators and other data available to assess an asset's value. Assets of high value are valued annually to reduce this risk.</p> <p>Investment properties are required to be measured at fair value, reflecting market conditions at the end of the reporting period. As with operational and surplus property valuations, investment property valuations are being impacted by current market uncertainty created by the Covid-19 pandemic.</p> <p>The carrying amount of Property, Plant and Equipment at 31st March 2024 is £2,183m.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge would increase by £3.3m for every year that useful lives had reduced.</p> <p>A fall in value of the Council's Property, Plant and Equipment would impact on the net worth of the Council, however, would not impact on the Council's usable balances. Fluctuations in the value of assets will not correlate with normal market conditions; however, a 1% movement in asset values would move the Council's balance sheet position by £21.8m.</p> <p>The main area of risk would be the Council's Investment Properties which have a total value of £4.3m and represent a small proportion of the total fixed assets value.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates, and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The IAS19 balance sheet is based on financial market values and future market expectation indicators as at 31 March 2024 to comply with the accounting standard. The financial markets at the accounting date will have taken worldwide economic considerations into account.</p> <p>Net assets of the fund available to fund benefits at the end of 31st March 2024 are £1,065m.</p>	<p>The assumptions interact in complex ways. The actuaries review the assumptions triennially and changes are adjusted for in the accounts. Sensitivity analysis is represented in note 45 to the accounts.</p>

31. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code of Practice requires that the Council discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question. Disclosure requirements are expected to be included in a subsequent edition of the Code. New or amended standards introduced into the 2023/24 Code of practice include :-

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

Statement of Accounting Policies

The Council does not expect these changes to have a material impact upon the financial statements.

The implementation of IFRS 16 relating to Leasing becomes mandatory from 1 April 2024. The estimated impact of the accounting standard on the financial statements for 2024/25 are as follows:

- Creation of Right of Use Assets and associated lease liabilities of £6.6m on Balance Sheet.
- Increase to the Council's Capital Financing Requirement of £6.6m and future MRP of £6.6m
- Annual lease payments will be split between interest and MRP to pay down the lease liability over the leases' terms. In 2024/25 lease payments are estimated at £3m consisting of £2.7m MRP and £300k interest.
- The Right of Use assets will be depreciated over the asset's estimated life which may be higher than the lease term. In 2024/25 this is estimated at £660k.

The leases identified as falling under the scope of IFRS16 include the staff car leasing salary sacrifice scheme, temporary accommodation, the device refresh programme and school leases where the asset' fair value is greater than £10k. Work is ongoing to identify all leases and the above estimates are subject to change.

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Main Financial Statement

The various financial statements that follow are prepared on an accruals basis and follow best practice recommended by the Chartered Institute of Public Finance & Accountancy (CIPFA) and International Financial Reporting Standards (IFRS) as defined by the Code of Practice on Local Authority Accounting in the United Kingdom. Further details of these requirements are detailed in the Statement of Accounting Policies.

These statements are published in accordance with the Accounts and Audit Regulations 2015. They summarise the overall financial position of the Council and in particular include the following:

Restatement of 2022/23 Published Accounts

This note provides an overview of changes to the Financial Statements from the published Statement of Account in 2022/23 as a result of changes in reporting requirements. This statement reconciles the position reported to management and that reported in the CIES.

Expenditure and Funding Analysis

This note shows how council funding has been used in providing services in comparison to those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

Comprehensive Income and Expenditure Statement

The first of the core financial statements. This shows the expenditure and the income relating to all the services provided by the Council and how the net cost of these services has been financed by local taxpayers and government grants.

Balance Sheet

This sets out the assets and liabilities of the Council as at 31 March 2024 but excludes the assets and liabilities of pension and trust funds.

Movement in Reserves Statement

This statement sets out the reserves held by the Council, split into usable and unusable reserves, and shows how they have moved during the year.

Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash and cash equivalents arising from transactions with third parties for revenue and capital purposes. The statement excludes any transactions of the pension and trust funds.

Notes to the Main Financial Statements

A selection of notes provided to support the information in the main financial statements with additional detail of movement breakdown and analysis.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA), aims to demonstrate to council tax and rent payers how the funding available to the Council for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates and other service departments.

Since the production of the 2022/23 Statement of Accounts the Council structure has altered with certain service departments now reporting to different portfolios. As such the statement below shows the movement of funding used to provide services relating to the General Fund, from the originally published 2022/23 Statement of Accounts to the new Council structure.

The reported outturn position to Cabinet in 2023 is reflected in the table below alongside the restatement required to align the comparator cost of service to the management structure as at 31 March 2024, for the opening EFA position. The EFA then shows how these figures feed through to the Comprehensive Income and Expenditure Statement.

Restatement of 2022/23 Published Accounts			
Council Structure as per 2022/23 Statement of Accounts	Published EFA - Total Net Expenditure Charged to GF & HRA Balances £'000	Restated as per Council Structures 31 March 24 £'000	Restated EFA - Charged to GF & HRA Balance Total Net Expenditure £'000
Funding	746	Funding	746
Finance	39,363	Finance	39,363
Health and Social Care	60,404	Health and Social Care	60,468
Children, Families & Education	88,595	Children, Families & Education	88,531
Property, Highways & Transport	24,365	Property, Highways & Transport	24,365
Residents' Services	38,092	Residents' Services	38,092
Corporate Services	34,386	Corporate Services	34,386
Total General Fund	285,951	Total General Fund	285,951
School Budget	1,066	School Budget	1,066
HRA	13,155	HRA	13,155
Total Other Funds	14,221	Total Other Funds	14,221
Net Cost of Services	300,171	Net Cost of Services	300,171

The Expenditure and Funding Analysis 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 directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure and Funding Analysis

	Total Net Expenditure Charged to GF & HRA Balances	Adjustments between the Funding & Accounting Basis (Note 1A)	Earmarked Reserve Adjustments (Note 5)	Adjustments between Funding & Other Income and Expenditure on the Provision of Services (Note 1B)	Net Expenditure in Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
2023/24					
General Fund					
Funding	(267,970)	(7,422)	8,692	266,700	0
Finance	33,072	2,433	(11,285)	(924)	23,296
Health and Social Care	97,372	2,381	7,033	(50,507)	56,279
Children, Families & Education	73,689	24,168	2,363	(22)	100,198
Property, Highways & Transport	8,933	17,392	742	0	27,067
Residents' Services	28,942	(617)	6,292	(400)	34,217
Corporate Services	25,956	3,516	25	0	29,497
Total General Fund	(6)	41,851	13,862	214,847	270,554
Other Funds					
Schools Budget	436	25,812	0	0	26,248
Housing Revenue Account	85	(571)	(6,811)	(5,150)	(12,447)
Total Other Funds	521	25,241	(6,811)	(5,150)	13,801
Net Cost of Services	515	67,092	7,051	209,697	284,355
Other Income and Expenditure on the Provision of Services	0	(4,898)	0	(209,697)	(214,595)
(Surplus)/Deficit on Provision of Services	515	62,194	7,051	0	69,760

Movement in Balances 2023/24

	£'000
Opening General Fund and HRA Balance	70,958
General Fund Declared Surplus	6
HRA Deficit	(85)
Schools Reserve Movements	(436)
Other Earmarked Reserve Movements	(7,051)
Closing General Fund and HRA Balance at 31 March 2024	63,392

Expenditure and Funding Analysis

The Expenditure and Funding Analysis 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 directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	Total Net Expenditure Charged to GF & HRA Balances (Restated)	Adjustments between the Funding & Accounting Basis (Note 1A) (Restated)	Earmarked Reserve Adjustments (Note 5) (Restated)	Adjustments between Funding & Other Income and Expenditure to the Provision of Services (Note 1B) (Restated)	Net Expenditure in Comprehensive Income and Expenditure Statement (Restated)
	£'000	£'000	£'000	£'000	£'000
2022/23					
General Fund					
Funding	(254,456)	(14,785)	23,108	246,880	746
Finance	24,929	(328)	2,873	11,888	39,363
Health and Social Care	96,717	6,731	907	(43,888)	60,468
Children, Families & Education	66,288	17,464	4,780	0	88,531
Property, Highways & Transport	10,667	13,580	118	0	24,365
Residents' Services	29,634	8,774	95	(411)	38,092
Corporate Services	26,094	7,548	744	0	34,386
Total General Fund	(127)	38,984	32,625	214,469	285,951
Other Funds					
Schools Budget	2,728	(1,562)	0	(100)	1,066
Housing Revenue Account	165	18,674	0	(5,684)	13,155
Total Other Funds	2,893	17,112	0	(5,784)	14,221
Net Cost of Services	2,766	56,096	32,625	208,685	300,171
Other Income and Expenditure on the Provision of Services	0	(35,005)	0	(208,685)	(243,690)
(Surplus)/Deficit on Provision of Services	2,766	21,091	32,625	0	56,481

Movement in Balances 2022/23

	£'000
Opening General Fund and HRA Balance	106,349
General Fund Declared Deficit	127
HRA Surplus	(165)
Schools Reserve Movements	(2,728)
Other Earmarked Reserve Movements	(32,625)
Closing General Fund and HRA Balance at 31 March 2023	70,958

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure 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 or rents. Councils raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

		31 March 2024			31 March 2023		
		Expenditure	Income	Net Expenditure	Expenditure (Restated)	Income (Restated)	Net Expenditure (Restated)
Note		£'000	£'000	£'000	£'000	£'000	£'000
EXPENDITURE ON SERVICES							
		0	0	0	746	0	746
		114,266	(90,970)	23,296	129,073	(89,710)	39,363
		159,017	(102,738)	56,279	145,615	(85,147)	60,468
		121,244	(21,046)	100,198	109,897	(21,366)	88,531
		33,595	(6,528)	27,067	30,168	(5,803)	24,365
		81,073	(46,856)	34,217	75,287	(37,195)	38,092
		31,282	(1,785)	29,497	36,682	(2,296)	34,386
		265,132	(238,884)	26,248	234,205	(233,139)	1,066
		70,062	(82,509)	(12,447)	81,117	(67,962)	13,155
		875,671	(591,316)	284,355	842,790	(542,618)	300,171
	6	841		841	824		824
		22,009		22,009		(9,106)	(9,106)
	7	23,262	(4,469)	18,793	25,569	(3,163)	22,406
	8		(256,238)	(256,238)		(257,814)	(257,814)
		46,112	(260,707)	(214,595)	26,393	(270,083)	(243,690)
		921,783	(852,023)	69,760	869,183	(812,701)	56,481
				(85,952)			(79,360)
	43			(84,437)			(397,534)
				(100,629)			(420,413)

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held.

Reserves are reported in two categories:

The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and requirement to maintain any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt).

The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

		31 March 2024	31 March 2023
	Note	£'000	£'000
Property, Plant & Equipment	9	1,983,493	1,910,915
Infrastructure Assets	9	187,054	184,543
Heritage Assets	9	6,529	5,729
Intangible Assets	9	1,454	1,271
Investment Properties	9	4,266	4,687
Long Term Investments	14	22,043	21,562
Long Term Debtors	17	1,917	1,511
LONG TERM ASSETS		2,206,755	2,130,218
Short Term Debtors	15	88,827	157,326
Short Term Investments	14	1,005	1,461
Cash and Cash Equivalents	20	46,890	60,525
Assets Held for Sale	9	0	0
CURRENT ASSETS		136,722	219,312
Short Term Provisions	21	(3,326)	(4,163)
Short Term Borrowing	14	(102,799)	(83,203)
Short Term Creditors	18	(106,943)	(174,906)
CURRENT LIABILITIES		(213,068)	(262,272)
Long Term Provisions	21	(984)	(1,215)
Deferred Credits		(2)	(2)
Long Term Borrowing	14	(246,273)	(232,713)
Long Term Creditors	19	(2,916)	(4,670)
Capital Grant Receipts in Advance	34	(82,037)	(73,467)
Deferred Liabilities	36	0	(30)
Net Liabilities Related to Defined Benefit Pension Schemes	44	(183,052)	(260,645)
LONG TERM LIABILITIES		(515,264)	(572,742)
NET ASSETS		1,615,145	1,514,516
Usable Reserves		118,980	117,127
Unusable Reserves	22	1,496,165	1,397,389
TOTAL RESERVES		1,615,145	1,514,516

Andy Evans
Corporate Director of Finance
28 June 2024

Movement in Reserves Statement

This statement shows the detail of the movement from the start of the year to the end of the year on the different reserves held by the Council. These reserves are analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'Unusable Reserves'. The statement shows how the movements to the reserves in year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax (or rents) for the year. The Increase/(Decrease) line shows the net movement to the statutory General Fund Balance and Housing Revenue Account Balances in the year.

As at 31 March 2020 the Council held a negative Dedicated Schools Grant balance of £15.0m within the Earmarked Reserves. In November 2020 a statutory instrument came into effect amending the Local Authority (Capital Finance and Accounting) Regulations (2003 Regulations) by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits. This relates to deficits in local authority accounts for 1st April 2020, 2021 and 2022. The Council must now not charge the deficit to a revenue account but instead record any such deficit in an account established solely for recording schools' deficits. The new account is the Dedicated Schools Grant Adjustment Account and sits within Unusable Reserves. The new practice has the effect of splitting schools budget deficits from the General Fund into a new dedicated ring-fenced reserve for a period of three years.

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Movement in Reserves Statement

Note	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Major Repairs Reserve	Capital Grants Unapplied Reserve	Capital Receipts Reserve	Total Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	26,839	28,932	15,186	2,053	4,928	39,190	117,127
Total Comprehensive Income & Expenditure	(73,087)	(7,487)	10,814	0	0	0	(69,760)
Adjustments between accounting basis & funding basis under regulations	73,093	0	(10,899)	1,133	2,137	6,149	71,613
Increase/(Decrease) in Year	6	(7,487)	(85)	1,133	2,137	6,149	1,853
Balance at 31 March 2024	26,845	21,445	15,101	3,186	7,065	45,339	118,980

Note	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Major Repairs Reserve	Capital Grants Unapplied Reserve	Capital Receipts Reserve	Total Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2022	26,712	64,286	15,351	7,115	9,537	30,678	153,678
Total Comprehensive Income & Expenditure	(30,490)	(35,354)	9,363	0	0	0	(56,481)
Adjustments between accounting basis & funding basis under regulations	30,617	0	(9,528)	(5,062)	(4,609)	8,512	19,930
Increase/(Decrease) in Year	127	(35,354)	(165)	(5,062)	(4,609)	8,512	(36,551)
Balance at 31 March 2023	26,839	28,932	15,186	2,053	4,928	39,190	117,127

Movement in Unusable Reserves Statement

This statement shows the detail of the movement from the start of the year to the end of the year on the Unusable Reserves held by the Council breaking down the total figure for these reserves which are represented on the Movement in Reserves note overleaf. The statement shows how the movements to the reserves in year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year.

Note	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Pensions Reserve	Collection Fund Adjustment Account	Accumulated Absences Account	Dedicated Schools Grant Adjustment Account	Pooled Investment Fund Adjustment Account	Total Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	660,617	1,026,085	(640)	(260,645)	1,236	(5,870)	(21,887)	(1,507)	1,397,389
Total Comprehensive Income & Expenditure	85,952			84,437					170,389
Adjustments between accounting basis & funding basis under regulations	(29,043)	(17,562)	96	(6,844)	7,422	(514)	(25,606)	438	(71,613)
Increase/(Decrease) in Year	56,909	(17,562)	96	77,593	7,422	(514)	(25,606)	438	98,776
Balance at 31 March 2024	717,526	1,008,523	(544)	(183,052)	8,658	(6,384)	(47,493)	(1,069)	1,496,165

Note	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Pensions Reserve	Collection Fund Adjustment Account	Accumulated Absences Account	Dedicated Schools Grant Adjustment Account	Pooled Investment Fund Adjustment Account	Total Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2022	591,896	1,010,185	(229)	(616,201)	(14,125)	(7,133)	(23,521)	(446)	940,426
Total Comprehensive Income & Expenditure	79,360	0	0	397,534	0	0	0	0	476,894
Adjustments between accounting basis & funding basis under regulations	(10,639)	15,900	(411)	(41,978)	15,361	1,263	1,634	(1,061)	(19,931)
Increase/(Decrease) in Year	68,721	15,900	(411)	355,556	15,361	1,263	1,634	(1,061)	456,963
Balance at 31 March 2023	660,617	1,026,085	(640)	(260,645)	1,236	(5,870)	(21,887)	(1,507)	1,397,389

Cash Flow Statement

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

	Note	2023/24 £'000	2022/23 £'000
Net deficit on the provision of services	23	69,760	56,481
Adjust net (surplus) on the provision of services for non cash movements	23	(142,392)	(134,915)
Adjust for items in the net deficit on the provision of services that are investing or financing activities	23	70,316	104,659
Net cash flows from operating activities	23	(2,316)	26,225
Net cash flows from investing activities	24	55,306	(31,263)
Net cash flows from financing activities	25	(39,355)	(7,694)
(Increase)/Decrease in cash and cash equivalents		13,635	(12,732)
Cash and cash equivalents at the beginning of the reporting period		(60,525)	(47,793)
Cash and cash equivalents at the end of the reporting period		(46,890)	(60,525)

Notes to the Main Financial Statements

1A. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note gives a summary of the adjustments allocated as 'Total Adjustments Between Funding & Accounting Basis' within the EFA which are required to adjust the General Fund and HRA management outturn reported to Cabinet to arrive at the Comprehensive Income and Expenditure Statement; recognised in accordance with proper accounting practices. Further information on these items can be found in note 4 to the accounts for Adjustments between Accounting Basis & Funding Basis Under Regulations which feed into the Movement in Reserves statement to align with the statutory amounts charged to the council taxpayer.

Adjustments from the management reported General Fund and HRA Balances to arrive at the Comprehensive Income and Expenditure Statement amounts within Adjustments between Funding & Accounting Basis are analysed below.

	Adjustments for Capital Purposes (1)	Net Change for the Pensions Adjustment (2)	Other Differences (3)	Total Adjustments between Funding & Accounting Basis
	£'000	£'000	£'000	£'000
2023/24				
Funding	0	0	(7,422)	(7,422)
Finance	(2,063)	465	4,031	2,433
Health and Social Care	408	(851)	2,824	2,381
Children, Families & Education	19,265	(1,842)	6,745	24,168
Property, Highways & Transport	16,586	(274)	1,080	17,392
Residents' Services	(188)	(1,392)	963	(617)
Corporate Services	2,097	(989)	2,408	3,516
Schools Budget	0	(160)	25,972	25,812
Housing Revenue Account	9,951	(368)	(10,154)	(571)
Net Cost of Services	46,056	(5,411)	26,447	67,092
Other Income & Expenditure on the Provision of Services from the Expenditure and Funding Analysis	(17,068)	12,254	(84)	(4,898)
Difference between General Fund surplus or deficit and CIES (Surplus) or Deficit on the Provision of Services	28,988	6,843	26,363	62,194

	Adjustments for Capital Purposes (Restated) (1)	Net Change for the Pensions Adjustment (Restated) (2)	Other Differences (Restated) (3)	Total Adjustments between Funding & Accounting Basis (Restated)
	£'000	£'000	£'000	£'000
2022/23				
Funding	0	576	(15,361)	(14,785)
Finance	(6,461)	2,456	3,677	(328)
Health and Social Care	977	3,186	2,568	6,731
Children, Families & Education	8,849	6,706	1,909	17,464
Property, Highways & Transport	10,748	1,173	1,659	13,580
Residents' Services	3,291	5,332	151	8,774
Corporate Services	2,147	3,430	1,971	7,548
Schools Budget	0	580	(2,142)	(1,562)
Housing Revenue Account	22,429	1,581	(5,336)	18,674
Net Cost of Services	41,980	25,020	(10,904)	56,096
Other Income & Expenditure on the Provision of Services from the Expenditure and Funding Analysis	(50,477)	16,229	(757)	(35,005)
Difference between General Fund surplus or deficit and CIES (Surplus) or Deficit on the Provision of Services	(8,497)	41,249	(11,661)	21,091

Notes to the Main Financial Statements

(1) Adjustments for Capital Purposes

Net Cost of Services

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

Other Income and Expenditure on the Provision of Services

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from Other Income and Expenditure on the Provision of Services as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

(2) Net Change for the Pensions Adjustments

Net Cost of Services

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

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.

Other Income and Expenditure on the Provision of Services

Financing and investment income and expenditure - the net interest on the defined benefit liability which is charged to the CIES.

(3) Other Differences

Net Cost of Services

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

Other Income and Expenditure on the Provision of Services

Financing and investment income and expenditure - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

Taxation and non-specific grant income and expenditure - represents the difference between what is chargeable under statutory regulations for council tax and non-domestic rates 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.

Notes to the Main Financial Statements

1B. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note gives a summary of the adjustments allocated as "Adjustments Between Funding and Other Income and Expenditure" within the EFA which are required to adjust the General Fund and HRA management outturn reported to Cabinet to arrive at the Comprehensive Income and Expenditure statement. These adjustments remove items included within service lines of the Council's management presentation which relate to non-service items and reported under "Other Income and Expenditure on the Provision of Service" below the cost of service provision within the Comprehensive Income and Expenditure Statement. These items can be found within notes 6, 7 and 8.

Transfers include costs and income allocated between the service lines and also within items reported to management; transfers between General Fund and Earmarked Reserves.

Adjustments to General Fund and HRA net cost of services reported to management to Other Income and Expenditure on the Provision of Services in the Comprehensive Income and Expenditure Statement are analysed below.

	Precepts and Levies	Interest Payable	Interest Receivable	Taxation & Non Specific Grant Income (excl. Capital)	Transfers	Total Adjustments
2023/24	£'000	£'000	£'000	£'000	£'000	£'000
Funding	0	0	0	216,518	50,182	266,700
Finance	(841)	(5,242)	2,915	642	1,602	(924)
Health and Social Care	0	0	50	0	(50,557)	(50,507)
Children, Families & Education	0	(22)	0	0	0	(22)
Property, Highways & Transport	0	0	0	0	0	0
Residents' Services	0	0	0	0	(400)	(400)
Corporate Services	0	0	0	0	0	0
Schools Budget	0	0	0	0	0	0
Housing Revenue Account	0	(5,389)	1,066	0	(827)	(5,150)
Net Cost of Services	(841)	(10,653)	4,031	217,160	0	209,697

	Precepts and Levies (Restated)	Interest Payable (Restated)	Interest Receivable (Restated)	Taxation & Non Specific Grant Income (excl. Capital) (Restated)	Transfers (Restated)	Total Adjustments (Restated)
2022/23	£'000	£'000	£'000	£'000	£'000	£'000
Funding	0	0	0	202,981	43,899	246,880
Finance	(823)	(3,837)	1,755	13,463	1,330	11,888
Health and Social Care	0	0	11	0	(43,899)	(43,888)
Children, Families & Education	0	0	0	0	0	0
Property, Highways & Transport	0	0	0	0	0	0
Residents' Services	0	0	0	0	(411)	(411)
Corporate Services	0	0	0	0	0	0
Schools Budget	0	0	0	0	(100)	(100)
Housing Revenue Account	0	(5,503)	638	0	(819)	(5,684)
Net Cost of Services	(823)	(9,340)	2,404	216,444	0	208,685

Notes to the Main Financial Statements

2. SEGMENTAL INCOME AND EXPENDITURE

This note shows the Income and Expenditure received and paid on a segmental basis for material items reported in the Total Net Expenditure Charged to General Fund & HRA Balances within the Expenditure and Funding Analysis.

Segmental Income & Expenditure 2023/24	Fees charges and other service income	Interest Receivable	Depreciation	Interest Payable
	£'000	£'000	£'000	£'000
Funding	0	0	0	0
Finance	(2,994)	(2,915)	0	5,242
Health and Social Care	(18,637)	(50)	0	0
Children, Families & Education	(2,894)	0	0	22
Property, Highways & Transport	(6,525)	0	0	0
Residents' Services	(36,618)	0	0	0
Corporate Services	(1,277)	0	0	0
Schools Budget	(29,122)	0	0	0
Housing Revenue Account	(81,268)	(1,066)	13,675	5,389
Net Cost of Services	(179,335)	(4,031)	13,675	10,653

Segmental Income & Expenditure 2022/23	Fees charges and other service income (Restated)	Interest Receivable (Restated)	Depreciation (Restated)	Interest Payable (Restated)
	£'000	£'000	£'000	£'000
Funding	0	0	0	0
Finance	(322)	(1,755)	0	3,837
Health and Social Care	(15,232)	(11)	0	0
Children, Families & Education	(2,585)	0	0	0
Property, Highways & Transport	(5,798)	0	0	0
Residents' Services	(28,764)	0	0	0
Corporate Services	(1,228)	0	0	0
Schools Budget	(31,221)	0	0	0
Housing Revenue Account	(67,905)	(638)	12,772	5,503
Net Cost of Services	(153,055)	(2,404)	12,772	9,340

Notes to the Main Financial Statements

3. EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed as follows:

	2023/24	2022/23
	£'000	£'000
Expenditure		
Employee benefits expenses	226,976	241,933
Employee benefits of Voluntary Aided & Foundation Schools*	48,853	44,770
Other services expenses	521,632	478,868
Support service recharges	5,380	4,932
Depreciation, amortisation, impairment	72,830	72,287
Interest payments	22,841	26,298
Precepts and levies	841	823
Loss on the disposal of assets	22,009	0
Change in the Fair Value of Investment Properties	421	(729)
Payments to Housing Capital Receipts Pool	0	1
Total Expenditure	921,783	869,183
Income		
Fees, charges and other service income	(179,335)	(153,055)
Interest and investment income	(4,031)	(1,965)
Income from Council Tax and Non Domestic Rates	(186,313)	(173,243)
Government grants and contributions	(481,906)	(474,135)
Strategic Pooled Fund Fair Value Adjustment	(438)	1,061
Hillingdon First Ltd Fair Value Adjustment	0	(2,259)
Gain on the disposal of assets	0	(9,106)
Total Income	(852,023)	(812,702)
(Surplus)/Deficit on the Provision of Services	69,760	56,481

*Employee benefits of Voluntary Aided & Foundation schools - Voluntary aided and foundation school employees are not the employees of the Council but are incorporated into the single entity financial statements of the Council. The costs of employee benefits of voluntary aided and foundation schools have therefore been separately identified.

4. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of an authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. The balance is not available to be applied to fund HRA services which is ring fenced.

Notes to the Main Financial Statements

Housing Revenue Account 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 or (where in deficit) that is required to be recovered from tenants in future years.

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 on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the 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 be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

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

Notes to the Main Financial Statements

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS 2023/24

2023/24	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Reserve £'000	Capital Receipts Reserve £'000	Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Financial Instruments Adjustment Account £'000	Pensions Reserve £'000	Collection Fund Adjustment Account £'000	Dedicated Schools Grant Adjustment Account £'000	Accumulated Absences Account £'000	Pooled Investment Fund Adjustment Account £'000	Unusable Reserves £'000
Amortisation of intangible assets	(340)					(340)		340							340
Depreciation of non current assets	(25,481)		(13,675)			(39,156)	11,093	28,063							39,156
Revaluation and impairment of non current assets	(13,371)	(19,962)				(33,333)		33,333							33,333
Statutory provision for the financing of capital investment (MRP & VRP) and HRA debt provision	3,015	10,011				13,026		(13,026)							(13,026)
Revenue expenditure funded from capital under statute (REFCUS)	(17,949)	(23)				(17,972)		17,972							17,972
Capital grants and contributions applied	34,656	4,421		(2,137)		36,940		(36,940)							(36,940)
Repayment of prior year loan to HFL						0									0
Capital expenditure charged in year to balances	7		22,729			22,736		(22,736)							(22,736)
Use of Capital Receipts Reserve to finance new capital expenditure					18,163	18,163		(18,163)							(18,163)
Amounts written off on disposal of non current assets	(28,742)	6,734			(24,312)	(46,320)	17,950	28,370							46,320
Finance Lease Principal	72					72		(72)							(72)
Gain/Loss Investment Property	(421)					(421)		421							421
Transfer from capital receipts reserve to meet payments to the housing capital receipts pool						0									0
Premiums and discounts	29					29			(29)						(29)
Strategic pooled fund fair value adjustment	438					438								(438)	(438)
Soft Loan notional interest	67					67			(67)						(67)
Hillingdon First Limited Fair Value Adjustment						0		0							0
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(37,488)	(2,731)				(40,219)				40,219					40,219
Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	31,103	2,272				33,375				(33,375)					(33,375)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	7,422					7,422					(7,422)				(7,422)
DSG	(25,606)					(25,606)						25,606			25,606
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(504)	(10)				(514)							514		514
Transfer to Reserve for Capital projects		10,187	(10,187)			0									0
Total Adjustments	(73,093)	10,899	(1,133)	(2,137)	(6,149)	(71,613)	29,043	17,562	(96)	6,844	(7,422)	25,606	514	(438)	71,613

Notes to the Main Financial Statements

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS 2022/23

2022/23	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Reserve £'000	Capital Receipts Reserve £'000	Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Financial Instruments Adjustment Account £'000	Pensions Reserve £'000	Collection Fund Adjustment Account £'000	Dedicated Schools Grant Adjustment Account £'000	Accumulated Absences Account £'000	Pooled Investment Fund Adjustment Account £'000	Unusable Reserves £'000
Amortisation of intangible assets	(362)					(362)		362							362
Depreciation of non current assets	(25,198)		(12,772)			(37,970)	6,395	31,575							37,970
Revaluation and impairment of non current assets	(1,630)	(32,325)				(33,955)		33,955							33,955
Statutory provision for the financing of capital investment (MRP & VRP) and HRA debt provision*	7,422	9,897				17,319		(17,319)							(17,319)
Revenue expenditure funded from capital under statute (REFCUS)	(12,744)	(19)				(12,763)		12,763							12,763
Capital grants and contributions applied	19,045	22,327		4,609		45,981		(45,981)							(45,981)
Repayment of prior year loan to HFL					0										
Capital expenditure charged in year to balances	73		23,140			23,213		(23,213)							(23,213)
Use of Capital Receipts Reserve to finance new capital expenditure					13,697	13,697		(13,697)							(13,697)
Amounts written off on disposal of non current assets	2,164	6,943			(22,210)	(13,103)	4,244	8,859							13,103
Finance Lease Principal	216					216		(216)							(216)
Gain/Loss Investment Property	729					729		(729)							(729)
Transfer from capital receipts reserve to meet payments to the housing capital receipts pool	(1)				1	0									0
Premiums and discounts	29					29			(29)						(29)
Strategic pooled fund fair value adjustment	(1,061)					(1,061)								1,061	1,061
Soft Loan Charge	(440)					(440)			440						440
Hillingdon First Limited Fair Value Adjustment	2,259					2,259		(2,259)							(2,259)
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(67,909)	(4,575)				(72,484)				72,484					72,484
Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	28,580	1,926				30,506				(30,506)					(30,506)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	15,361					15,361					(15,361)				(15,361)
DSG	1,634					1,634						(1,634)			(1,634)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,215	48				1,263							(1,263)		(1,263)
Transfer to Reserve for Capital projects		5,306	(5,306)			0									0
Total Adjustments	(30,617)	9,528	5,062	4,609	(8,512)	(19,931)	10,639	(15,900)	411	41,978	(15,361)	(1,634)	(1,263)	1,061	19,931

Notes to the Main Financial Statements

5. EARMARKED RESERVE TRANSFERS

	31 March 2022	Transfers In 2022/23	Transfers Out 2022/23	31 March 2023	Transfers In 2023/24	Transfers Out 2023/24	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Reserves:							
Grants Unapplied	6,346	788	(4,202)	2,932	1,098	(2,832)	1,198
Member Initiatives	12,476	(1,710)	(6,995)	3,771	694	(3,380)	1,085
Other Reserves	16,012	12,258	(15,625)	12,645	14,409	(21,718)	5,336
Business Rates Reserve	12,654	463	(16,548)	(3,430)	0	(2,300)	(5,730)
Barnhill PFI	626	399	(514)	511	362	(195)	678
Public Health Reserve	1,401	767	(1,506)	661	0	0	661
Parking Revenue Account / New Roads & Street Works Reserve	252	0	(200)	52	0	0	52
Housing Revenue Account	0	0	0	0	6,811	0	6,811
Total Council Earmarked Reserves	49,767	12,966	(45,591)	17,142	23,374	(30,425)	10,091
Schools Reserves							
Other Schools Reserves	14,519	0	(2,728)	11,791	0	(436)	11,355
Total Schools Reserves	14,519	0	(2,728)	11,791	0	(436)	11,355
Total	64,286	12,966	(48,319)	28,933	23,374	(30,861)	21,446

Grants Unapplied

Funds set aside from specific revenue grants to support future investment in services, which will be drawn down as required to support ongoing projects.

Member Initiatives

Funds set aside to support delivery of specific local initiatives, including Hillingdon Improvement Programme, Highways maintenance and Leader's Initiatives amongst other balances. These monies are expected to be drawn down over the life of these initiatives.

Other Reserves

Funds set aside to manage cyclical or irregular expenditure, including Housing Needs Initiatives, the Corporate Insurance Reserve, Elections Reserve and provision for costs of service transformation amongst other balances. Funds will be drawn down as required to fund specific costs.

Business Rate Retention Reserve

Grant income received from Government to reimburse the Council for losses within the Collection Fund Adjustment Account relating to changes to Business Rates Reliefs. Under the current Business Rates Retention System, these grants are received in advance of deficits impacting upon the General Fund and therefore held in a separate reserve. The credit balance on this reserve reflects timing adjustments.

Barnhill PFI

Funds held to cover costs occurring over the lifecycle for the PFI school Barnhill Academy.

Public Health Reserve

A reserve required under statute to earmark any accounting under spend on Public Health activities transferred into the Council from the NHS from 1 April 2013. Monies set aside include funds to meet outstanding commitments and manage any risks associated with the service.

Housing Revenue Account Reserve

An earmarked reserve has been created to support the financing of future HRA developments.

Notes to the Main Financial Statements

6. OTHER OPERATING EXPENDITURE

	2023/24 £'000	2022/23 £'000
Payments to Government Housing Capital Receipts Pool	0	1
Precepts and Levies	841	823
Total	841	824

7. NET FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2023/24 £'000	2022/23 £'000
Interest payable and similar charges	10,654	9,340
Interest receivable and similar income	(4,031)	(2,404)
Strategic pooled fund fair value adjustment	(438)	1,061
Hillingdon First Ltd fair value adjustment	0	(2,259)
Net interest on the net defined benefit liability	12,254	16,958
Changes in the fair value of investment properties	421	(729)
Total	18,859	21,967

8. TAXATION AND NON-SPECIFIC GRANT INCOME

	2023/24 £'000	2022/23 £'000
Council Tax Income	(136,321)	(127,626)
Non-Domestic Rates Income	(112,091)	(105,769)
Non-Domestic Rates Tariff payable to Central Government	53,459	53,667
Non-Domestic Rates Levy (receivable)/Payable to Central Government	8,639	6,485
Non-Ringfenced Government Grants	(30,847)	(43,199)
Capital Grants & Contributions	(39,077)	(41,372)
Total	(256,238)	(257,814)

Notes to the Main Financial Statements

9. MOVEMENT OF NON-CURRENT ASSETS 2023/24

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Sub Total Plant, Property & Equipment £'000	Heritage Assets £'000	Intangibles £'000	Investment Properties £'000	Assets Held for Sale £'000	Total Non Current Assets £'000
Cost or Valuation as at 1 April 2023	856,238	904,029	107,924	15,274	34,838	37,867	1,956,170	5,729	2,722	4,687	0	1,969,308
Additions	20,235	0	2,762	51	1,169	0	24,217	0	539	0	0	24,756
Enhancements	24,591	17,498	1,261	235	29,060	0	72,645	800	0	0	0	73,445
Revaluation increases/(decreases) recognised in Revaluation Reserve	(10,644)	44,737	2,757	0	0	22,537	59,387	0	0	0	0	59,387
Revaluation increases/(decreases) recognised in Surplus/Deficit on Services	(22,276)	(14,962)	(1,096)	0	0	(1,209)	(39,543)	0	0	(422)	0	(39,965)
Derecognition - Disposals	(4,305)	(7,549)	(85)	0	0	(1,536)	(13,475)	0	0	0	0	(13,475)
Derecognition - Other	(77)	(30,987)	(6,035)	0	0	0	(37,099)	0	(221)	0	0	(37,320)
Assets reclassified within Property Plant and Equipment	0	3,540	9	0	(6,117)	2,568	0	0	0	0	0	0
Other Movements in Cost or Valuation	0	0	0	0	0	0	0	0	0	0	0	0
Cost or Valuation as at 31 March 2024	863,762	916,306	107,497	15,560	58,950	60,227	2,022,302	6,529	3,040	4,266	0	2,036,137
Accumulated Depreciation & Impairment as at 1 April 2023	0	(15,182)	(29,510)	(541)	(9)	(13)	(45,255)	0	(1,451)	0	0	(46,706)
Depreciation charge in 2023/24	(12,997)	(9,995)	(7,563)	(12)	0	(16)	(30,583)	0	(357)	0	0	(30,940)
Depreciation written out to Revaluation Reserve	10,618	12,279	3,626	0	0	42	26,565	0	0	0	0	26,565
Depreciation written out to Surplus/Deficit on Services	2,314	3,608	252	0	0	36	6,210	0	0	0	0	6,210
Derecognition - Disposals	65	350	85	0	0	0	500	0	0	0	0	500
Derecognition - Other	0	1,159	2,595	0	0	0	3,754	0	222	0	0	3,976
Assets reclassified within Property Plant and Equipment	0	0	0	0	0	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	49	0	0	0	(49)	0	0	0	0	0	0
Accumulated Depreciation & Impairment as at 31 March 2024	0	(7,732)	(30,515)	(553)	(9)	0	(38,809)	0	(1,586)	0	0	(40,395)
Balance Sheet amount 1 April 2023	856,238	888,847	78,414	14,733	34,829	37,854	1,910,915	5,729	1,271	4,687	0	1,922,602
Balance Sheet amount 31 March 2024	863,762	908,574	76,982	15,007	58,941	60,227	1,983,493	6,529	1,454	4,266	0	1,995,742
Nature of asset holding												
Owned	863,762	908,574	76,982	15,007	58,941	60,227	1,983,493	6,529	1,454	4,266	0	1,995,742
Finance Lease	0	0	0	0	0	0	0	0	0	0	0	0
Balance Sheet amount 31 March 2024	863,762	908,574	76,982	15,007	58,941	60,227	1,983,493	6,529	1,454	4,266	0	1,995,742

Nb Derecognition Other – the movements under Other Land and Buildings and Vehicles Plant and Equipment includes the retrospective derecognition of Field End Junior and Hermitage Primary Schools which transferred to academies in 2021/22. Valuations were retrospectively obtained as at the date of the academy transfers (31/8/21) and the two schools disposed of for the following amounts: Field End Junior School £15,230k and Hermitage Primary School £14,978k. These amounts reflect overstatements in 2021/22 and 2022/23 closing Balance Sheet amounts.

Notes to the Main Financial Statements

MOVEMENT OF NON-CURRENT ASSETS 2022/23

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Sub Total Plant, Property & Equipment	Heritage Assets	Intangibles	Investment Properties	Assets Held for Sale	Total Non Current Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation as at 1 April 2022	811,393	904,130	98,461	14,720	22,508	8,339	1,859,551	5,598	2,938	3,959	33	1,872,079
Additions	34,221	61	3,473	52	16,101	0	53,908	0	66	0	0	53,974
Enhancements	20,495	8,848	26	502	6,494	0	36,365	131	0	0	0	36,496
Revaluation increases/(decreases) recognised in Revaluation Reserve	28,227	4,732	8,882	0	0	21,845	63,686	0	0	0	0	63,686
Revaluation increases/(decreases) recognised in Surplus/Deficit on Services	(33,861)	(5,841)	0	0	(339)	(7)	(40,048)	0	0	729	0	(39,319)
Derecognition - Disposals	(5,103)	(6,644)	(256)	0	(1,571)	0	(13,574)	0	(280)	0	(33)	(13,887)
Derecognition - Other		(1,017)	(2,886)	0		0	(3,903)	0	0	0	0	(3,903)
Assets reclassified within Property Plant and Equipment	866	(240)	39	0	(8,355)	7,690	0	0	0	0	0	0
Assets reclassified (to) & from Held for Sale & Investment Properties	0	0	185	0	0	0	185	0	(2)	(1)	0	182
Cost or Valuation as at 31 March 2023	856,238	904,029	107,924	15,274	34,838	37,867	1,956,170	5,729	2,722	4,687	0	1,969,308
Accumulated Depreciation & Impairment as at 1 April 2022	0	(14,267)	(25,936)	(528)	0	(4)	(40,735)	0	(1,351)	0	0	(42,086)
Depreciation charge in 2022/23	(12,056)	(9,690)	(7,827)	0	0	(18)	(29,591)	0	(380)	0	0	(29,971)
Depreciation written out to Revaluation Reserve	10,000	4,358	1,296	0	0	20	15,674	0	0	0	0	15,674
Depreciation written out to Surplus/Deficit on Services	1,982	3,195	0	0	0	2	5,179	0	0	0	0	5,179
Derecognition - Disposals	74	253	3,142	0	0	0	3,469	0	0	0	0	3,469
Derecognition - Other	0	934	0	0	0	0	934	0	280	0	0	1,214
Assets reclassified within Property Plant and Equipment	0	22	0	0	0	0	22	0	0	0	0	22
Assets reclassified (to) & from Held for Sale & Investment Properties	0	13	(185)	(13)	(9)	(13)	(207)	0	0	0	0	(207)
Accumulated Depreciation & Impairment as at 31 March 2023	0	(15,182)	(29,510)	(541)	(9)	(13)	(45,255)	0	(1,451)	0	0	(46,706)
Balance Sheet amount 1 April 2022	811,393	889,863	72,525	14,192	22,508	8,335	1,818,816	5,598	1,587	3,959	33	1,829,993
Balance Sheet amount 31 March 2023	856,238	888,847	78,414	14,733	34,829	37,854	1,910,915	5,729	1,271	4,687	0	1,922,602
Nature of asset holding												
Owned	856,238	888,847	78,414	14,733	34,829	37,854	1,910,915	5,729	1,271	4,687	0	1,922,602
Finance Lease	0	0	0	0	0	0	0	0	0	0	0	0
Balance Sheet amount 31 March 2023	856,238	888,847	78,414	14,733	34,829	37,854	1,910,915	5,729	1,271	4,687	0	1,922,602

Notes to the Main Financial Statements

INFRASTRUCTURE ASSETS

	2023/24 £'000	2022/23 £'000
Net Book Value as at 1 April	184,543	185,091
Enhancements	11,067	7,812
Depreciation charge	(8,556)	(8,360)
Net Book Value as at 31 March	187,054	184,543

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 authority 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.

Notes to the Main Financial Statements

10. REVALUATION LOSSES/GAINS RECOGNISED IN COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

The Council undertakes a rolling programme that ensures all of its Property, Plant and Equipment is carried at current value or fair value as prescribed in the Code of Practice and that every asset is valued at least every 5 years. In 2023/24 a rolling programme of General Fund assets including investment properties and high value assets, were valued by external independent valuers Wilks Head & Eve LLP.

The Housing Stock was uplifted in value to reflect market conditions for all Council Dwellings by Jones Lang LaSalle Limited to reflect the value at 31 March 2024 through a desktop valuation process. Valuations are carried out in accordance with professional standards of the Royal Institution of Chartered Surveyors.

During 2023/24, the Council has recognised revaluation gains of £85,952k directly to the revaluation reserve. The Council also recognised valuation losses of £33,333k in the Surplus/Deficit on provision of services which was then reversed through the Movement in Reserves Statement to mitigate any impact on General Fund and Housing Revenue Account Balances.

Fair Value Hierarchy

Investment property and surplus properties are measured at fair value in accordance with IFRS13 Fair Value Measurement. In estimating the fair value, the valuation has taken into account the highest and best use of the assets estimating the price at which an orderly transaction to sell the asset would take place under current market conditions. IFRS13 also seeks to increase consistency and comparability within the valuation process and categorises valuations under a fair value hierarchy which considers methodology of the valuation using levels of observable and unobservable inputs. Property within the borough is actively purchased, sold or leased on the open market and there are a number of comparables. As such, the level of observable inputs is significant, leading to all properties being categorised as level 2 on the fair value hierarchy. There have been no changes in asset methodology which resulted in moving asset fair values between levels on the fair value hierarchy during the year.

11. COMMITMENTS UNDER CAPITAL CONTRACTS

As at 31 March 2024, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment during 2023/24 and future years budgeted to cost £60,900k.

Scheme	31 March 2024	31 March 2023
	£'000	£'000
Housing	17,166	11,221
Housing Regeneration	25,205	30,526
New Vehicles	231	306
New Platinum Jubilee Leisure Centre, West Drayton	1,283	23,609
Other Capital Projects	6,659	4,368
Schools Expansions Programme	10,356	263
Total	60,900	70,293

- Housing Regeneration is the Regeneration Programme on the Hayes town Centre and Avondale Road estates. The council is in a development agreement for all phases of the development expected to last for 7 years, with an estimated value of £126,144k. The first contractual phase commenced in December 2022 and has £25,205k remaining.
- New Platinum Jubilee Leisure Centre, West Drayton is a major construction project budgeted at £37m. During the year the main contractor went into liquidation. A number of smaller contracts will be awarded in phases until the projected is expected to complete in 2025.
- The schools expansions programme is increasing SEND provision in the Borough and recently awarded a significant contract to increase provision at Meadow High School. A further contract award is expected in 2024/25.
- Housing - the council has agreed to acquire a total of 30 units across 3 sites. In addition the council is in contract to build a further 44 units across four sites due to be delivered in 2024/25.

Notes to the Main Financial Statements

12. HERITAGE ASSETS

At 31 March 2024 the Council held Civic Regalia and a statue 'Anticipation' at an insurance value of £589k. The Council owns the Battle of Britain Bunker that has been insured for £4,859k and there was capital expenditure of £800k in year to maintain the asset. As neither a current market valuation, nor a replacement cost is available due to the specialist nature of this historic asset, the insurance has been used as the basis for valuation. In addition, several artefacts held at the battle of Britain bunker site are held as heritage assets, which belonged to Battle of Britain flying ace Wing Commander Ronald Gustave Kellett who was stationed at RAF Northolt in 1940. These items have been valued at £150k based on auctions of similar items.

The Council also holds an 18th Century stable block within the grounds of Cranford Park alongside a collection of antique farm equipment. There are a number of artefacts including historical archives stored within the Battle of Britain bunker. These are insured through the Council's general insurance scheme but do not hold specific valuations, are non-realizable and therefore are not included on the Council's balance sheet.

Heritage Assets of Particular Importance

The Battle of Britain Bunker is an underground operations room and is a historic landmark of national significance. The bunker played a crucial role in the air defence of the United Kingdom throughout World War Two by the No 11 Group Fighter Command. It was vital in directing RAF operations throughout the war with fighter aircraft operations being controlled from the bunker throughout the war but most notably during the Battle of Britain and on D-Day. The bunker was visited by both Winston Churchill and King George VI in 1940 and it was here that Winston Churchill on 16 August 1940 spoke the famous words "Never in the field of human conflict was so much owed, by so many, to so few". Evacuations started in 1938 and the operations bunker was constructed in 1939. The bunker is located 60 feet below ground level and is accessed via a staircase of over 70 steps. Within the collection which belonged to Wing Commander Ronald Gustave Kellett, are medals awarded for distinguished acts of valour and courage such as the Distinguished Flying Cross (DFC) as well as flying logbooks. A number of items are displayed for residents to view while other items will be preserved researchers and historians to view to represent the historical importance and protect for generations to come. The Battle of Britain Bunker is signed up to the Museums Association's code of ethics. The site is alarmed and monitored with security services to protect the site and artefacts. Restoration and conservation works have been carried out on a number of exhibited artefacts within the bunker such as the wartime map.

13. INVESTMENT PROPERTIES

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

	2023/24 £'000	2022/23 £'000
Rental income from investment property	(303)	(260)
Direct operating expenses arising from investment property	68	55
Net gain	(235)	(205)

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.

Notes to the Main Financial Statements

14. FINANCIAL INSTRUMENT BALANCES

FINANCIAL ASSETS

	Current		Long-Term		Total	
	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000
Investments at Amortised Cost	1,005	1,461	0	0	1,005	1,461
Fair Value through Profit & Loss						
- Principal	0	0	15,071	15,070	15,071	15,070
- Fair Value Adjustment	0	0	(1,091)	(1,507)	(1,091)	(1,507)
- Hillingdon First Limited - Principal	0	0	6,759	4,500	6,759	4,500
- Hillingdon First Limited - Fair Value Adjustment	0	0	0	2,259	0	2,259
- GLL Soft Loan	0	0	1,304	1,240	1,304	1,240
Total Investments	1,005	1,461	22,043	21,562	23,048	23,023
Cash & Cash Equivalents at Amortised Cost						
- Cash held by the Council	20	22	0	0	20	22
- Bank Current Accounts	18,348	13,797	0	0	18,348	13,797
- Liquid Deposits	28,522	46,707	0	0	28,522	46,707
Total Cash & Cash Equivalents	46,890	60,526	0	0	46,890	60,526
Other Assets at Amortised Cost						
- Trade Receivables	34,722	47,138	1,562	223	36,284	47,361
- Lease Receivables	1,034	1,132	10,397	11,115	11,431	12,247
- Loss allowance	(15,413)	(12,122)		0	(15,413)	(12,122)
Total Other Assets	20,343	36,148	11,959	11,338	32,302	47,486
Total Financial Assets	68,238	98,135	34,002	32,900	102,240	131,035

FINANCIAL LIABILITIES

	Current		Long-Term		Total	
	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000
Loans at Amortised Cost						
- Principal sum borrowed	(100,500)	(81,500)	(255,671)	(242,171)	(356,171)	(323,671)
- Accrued Interest	(2,299)	(1,703)	0	0	(2,299)	(1,703)
- EIR Adjustment		0	9,398	9,458	9,398	9,458
Total Loans	(102,799)	(83,203)	(246,273)	(232,713)	(349,072)	(315,916)
Other Liabilities at Amortised Cost						
- Trade Payables	(39,664)	(37,068)	(12)	(4)	(39,676)	(37,072)
- PFI arrangements	(30)	(72)	0	(30)	(30)	(102)
Total Other Liabilities	(39,694)	(37,140)	(12)	(34)	(39,706)	(37,174)
Total Financial Liabilities	(142,493)	(120,343)	(246,285)	(232,747)	(388,778)	(353,090)

Notes to the Main Financial Statements

INCOME, EXPENSE, GAINS AND LOSSES

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

	2023/24	2022/23
	Surplus or Deficit on the provision of Services £'000	Surplus or Deficit on the provision of Services £'000
Interest Revenue		
- Assets measured at amortised cost	(2,108)	(1,019)
- Other		
Dividend Revenue		
- Assets measured at fair value through profit and loss	(1,944)	(1,373)
Net Gains		
- Revaluation gains on assets measured at fair value through profit and loss	(438)	(1)
Interest & Investment Income and Revaluation Gains	(4,491)	(2,393)
Interest Expenses		
- Liabilities measured at amortised cost	10,262	8,812
- PFI & Lease Contracts	22	119
- Other	292	357
Other Expenses		
- Brokerage Fees	78	46
- Other Professional Fees		6
Net Losses		
- Revaluation loss on assets measured at fair value through profit & loss	22	(1,198)
Interest Payable and Revaluation Losses	10,676	8,142
Net (Gain)/Loss for the Year	6,185	5,749

Nb Interest receivable In Note 1b Note to the Expenditure and Funding Analysis excludes revaluation gains on assets measured at fair value through profit and loss (£438k) but includes £22k revaluation loss on assets measured at fair value through profit and loss. The £438k gain is subject to the statutory override on pooled investments and is transferred to the Pooled Investment Fund Adjustment Account.

STRATEGIC POOLED FUND INVESTMENTS AT FAIR VALUE THROUGH PROFIT & LOSS

The Council has elected to apply the statutory override to account for the following investments measured at fair value through profit & loss and transfer any fair value movements through the MIRS into the Pooled Investment Fund Adjustment Account.

Equity Instruments designated at Fair Value through Profit & Loss

	Fair Value		Dividends		Transfer Gain/(Loss)	
	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000
Long Term						
- Ninety One Diversified Income Fund	4,446	4,469	204	189	(23)	(250)
- Columbia Threadneedle Strategic Bond Fund	4,719	4,510	197	162	209	(498)
- M&G Optimal Income Fund	4,765	4,513	222	162	252	(313)
Total Equity Instruments	13,931	13,493	623	513	438	(1,061)

Notes to the Main Financial Statements

FAIR VALUES OF ASSETS AND LIABILITIES

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

The financial assets held by the Council during the year are accounted for under the following classifications:

- Amortised cost
- Fair value through other comprehensive income
- Fair value through profit and loss

Financial liabilities

A financial liability is a contractual obligation to deliver cash or other financial asset to another entity or exchange a financial asset or liability with another entity under conditions, which are potentially unfavourable to the Council. The Council's financial liabilities held during the year were all measured at amortised cost.

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows that are scheduled to take place over the remaining life of the instrument. This provides an estimate of the value of payments in the future in today's terms.

Fair Value

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2024, using the following methods and assumptions:

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2024, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate, or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows, excluding service charge elements, at the appropriate AA-rated corporate bond yield.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

Notes to the Main Financial Statements

FAIR VALUE OF LIABILITIES

Financial Liabilities	Fair Value Level	31 March 2024		31 March 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£'000	£'000	£'000	£'000
PWLB Loans	2	(230,466)	(215,361)	(191,732)	(172,434)
Market Loans	2	(48,607)	(53,667)	(48,610)	(54,886)
Local Authority Loans	2	(69,998)	(69,835)	(75,574)	(74,686)
Lease & PFI Liabilities	2	(30)	(30)	(102)	(132)
Trade Payables	N/A	(39,676)	(39,676)	(37,068)	(37,068)
		(388,778)	(378,570)	(353,086)	(339,206)

The fair value of liabilities is lower than the balance sheet carrying amount because the Council's debt portfolio includes a number of loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. Overall, there is a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

FAIR VALUE OF ASSETS

Financial Assets Held at Fair Value	Fair Value Level	31 March 2024		31 March 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£'000	£'000	£'000	£'000
Money Market Funds	1	0	0	0	0
Pooled Funds (Long-Term)	2	14	14	13	13
Strategic Pooled Funds (Long-Term)	2	13,931	13,931	13,493	13,493
Shares in Listed Companies (Long-Term)	1	35	35	58	58
Hillingdon First Limited - Equity	3	6,759	6,759	6,759	6,759
Financial Assets Held at Amortised Cost					
Short-Term Deposits & Deposit Accounts	N/A	1,005	1,005	1,461	1,461
Cash and Bank Current Accounts	N/A	46,890	46,890	60,525	60,525
GLL Soft Loan	3	1,304	1,304	1,240	1,240
Lease Receivables	N/A	11,431	11,431	102	102
Trade Receivables	N/A	20,871	20,871	35,016	35,016
		102,240	102,240	118,667	118,667

The fair value of short-term financial assets held at amortised cost, including trade and lease receivables, is assumed to approximate to the carrying amount.

LOSS ALLOWANCE BY ASSET CLASS

Lifetime Expected Credit Loss - Trade Receivables	31 March 2024		31 March 2023	
	Gross receivable	Simplified approach Loss Allowance	Gross receivable	Simplified approach Loss Allowance
	£'000	£'000	£'000	£'000
	34,722	(15,413)	47,138	(12,122)

Notes to the Main Financial Statements

Offsetting Financial Assets and Liabilities

Financial assets or liabilities are set off against each other where the Council has a legally enforceable right to do so. The Council's bank accounts held with NatWest Bank have a right of offset; for 2023/24 there were no accounts in an overdraft position where an offset was applied.

RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

	31 March 2024	Realised gains/losses	Unrealised gains/losses	Sales	Purchases	Transfers out of Level 3	Transfers into Level 3	01 April 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Hillingdon First Limited - Equity	6,759	-	-	-	-	-	-	6,759
	6,759	-	-	-	-	-	-	6,759

There have been no transfers between levels during the financial year. Transfers will only occur when there is a fundamental change in the underlying pricing structure and inputs.

The Council has invested £3.37m as equity shares in Hillingdon First Limited (HFL), a wholly owned subsidiary. Shares in HFL are not publicly traded so a market share is not readily available thus the fair value of the company has been independently determined to be £6.7m on the basis of future cash flows, business plan and the company's own accounts.

Changes in any of these assumptions would influence the fair value of HFL, thus a 1% change in assumptions would mean a in a £67k change in fair value.

15. SHORT TERM DEBTORS

	31 March 2024 £'000	31 March 2023 £'000
Trade Receivables	19,309	35,016
Prepayments	6,239	4,218
Other receivable amounts	63,278	118,092
	88,827	157,326

Included within short term debtors is an impairment allowance for £35,546k (£32,605k in 2022/23) of which £15,413k relates to trade receivables and £20,133k relates to other receivable amounts.

16. DEBTORS FOR TAXATION

Debtors for taxation are included within the 'other receivable amounts' in note 15 and are detailed below:

	31 March 2024 £'000	31 March 2023 £'000
Up to one year	7,854	8,589
One to three years	10,240	14,245
Over three years	17,980	12,020
	36,074	34,854

Notes to the Main Financial Statements

17. LONG TERM DEBTORS

	31 March 2024	To Short Term	Repayments	Additions	31 March 2023
	£'000	£'000	£'000	£'000	£'000
Housing advances & associations	2				2
Sale of council houses	2				2
Other loans & advances	353	(268)	(556)		1,177
Developer contributions	1,560			1,230	330
	1,917	(268)	(556)	1,230	1,511

18. SHORT TERM CREDITORS

	31 March 2024	31 March 2023
	£'000	£'000
Trade Payables	39,664	37,068
Other Payables	67,279	137,838
	106,943	174,906

19. LONG TERM CREDITORS

Long Term Creditors consist of balances held under Section 106 and 278 Agreements and deposits. These amounted to £2,916k at 31 March 2024 (£4,670k at 31 March 2023).

20. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	31 March 2024	31 March 2023
	£'000	£'000
Cash and Bank Current Accounts	46,890	60,525
Total Cash and Cash Equivalents	46,890	60,525

21. PROVISIONS

	1 April 2023	Additional provisions made in 2023/24	Amounts used in 2023/24	Unused amounts reversed in 2023/24	31 March 2024	Short-Term Provisions	Long-Term Provisions
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non Domestic Rates Appeal Losses	152	725	0	0	877	877	0
Social Care Disputes	1,230	491	0	(989)	732	732	0
Insurance Provision	3,842	244	0	(1,403)	2,683	1,708	975
Other provisions	154	0	(34)	(102)	18	9	9
Total Provisions	5,378	1,460	(34)	(2,494)	4,310	3,326	984

Non-Domestic Rates Appeal Losses

See note 3 to the Collection Fund Accounts. The Collection Fund Share represents the Council's 30% obligation in relation to appeals over the rateable value of properties from NNDR purposes. The provision has increased by £725k mainly due to the re-activation of the 2017 Rateable Value active case list, after last year's suspension of those appeals. There are also a small number of new 2023 cases active.

Notes to the Main Financial Statements

Social Care Disputes

Provision increases relate to disputed hourly rates with one contractor and a legal claim from another contractor. Unused provisions released in 2023/24 largely relate to a case where it has been confirmed that the Council is not liable for the costs.

Insurance

The Council has external insurance and liability indemnity to protect against major risks associated with items such as buildings and motor vehicles. The excess levels are as follows:

1. Property - £100k for combined risks
2. Liability - £375k
3. Motor Vehicles - £100k

The Council self-funds claims which fall under the excess thresholds. The insurance fund provision is to provide for outstanding claims against the Council as at 31 March 2024.

The ratio of insurance provisions is approximately 70% short-term and 30% long-term.

Other provisions

The other provisions represent amounts set aside to meet potential future liabilities. This includes items such as: legal costs; among others.

22. UNUSABLE RESERVES

	31 March 2024	31 March 2023
	£'000	£'000
Revaluation reserve	717,526	660,617
Capital adjustment account	1,008,523	1,026,085
Financial instruments adjustment account	(544)	(640)
Pensions reserve	(183,052)	(260,645)
Collection fund adjustment account	8,658	1,236
Accumulated absences account	(6,384)	(5,870)
Dedicated schools grant adjustment account	(47,493)	(21,887)
Pooled Investment Fund Adjustment Account	(1,069)	(1,507)
Total Unusable Reserves	1,496,165	1,397,389

Notes to the Main Financial Statements

22A. CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account 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 and gains recognised on donated assets that have yet to be consumed by the Council.

	2023/24		2022/23	
	£'000	£'000	£'000	£'000
Balance at 1 April		1,026,085		1,010,185
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
- Charges for depreciation and impairment of non-current assets	(39,156)		(37,970)	
- Revaluation gains/(losses) on Property, Plant and Equipment	(33,333)		(33,955)	
- Change in Fair Value Adjustment Hillingdon First	0		2,259	
- Amortisation of intangible assets	(340)		(362)	
- Revenue expenditure funded from capital under statute	(17,972)		(12,763)	
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(46,320)	(137,121)	(13,103)	(95,894)
Adjusting amounts written out of the Revaluation Reserve		29,043		10,639
Net written out amount of the cost of non-current assets consumed in the year		(108,078)		(85,255)
Capital financing applied in the year:				
- Use of the Capital Receipts Reserve to finance new capital expenditure	18,163		13,697	
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	36,940		41,239	
- Application of grants to capital financing from the Capital Grants Unapplied Account	0		4,742	
- Statutory and voluntary provision for the financing of capital investment charged against the General Fund and HRA balances	13,026		17,319	
- Finance Lease Principal	72		216	
- Capital expenditure charged against the General Fund and HRA balances	22,736	90,937	23,213	100,426
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(421)		729
Balance at 31 March		1,008,523		1,026,085

Notes to the Main Financial Statements

22B. 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 and the gains are realised

The Reserve contains only revaluations 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.

	2023/24		2022/23	
	£'000	£'000	£'000	£'000
Balance at 1 April		660,617		591,896
Upward revaluation of assets				
- Land & Buildings	115,106		23,025	
- Council Dwellings	9,460		40,332	
- Community Assets				
- Heritage Assets				
- Surplus Assets				
- Assets Under Construction	25,328		22,884	
- Plant and Equipment	7,063	156,957	10,156	96,397
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services				
- Land & Buildings	(58,090)		(13,935)	
- Council Dwellings	(9,486)		(2,105)	
- Surplus Assets	(2,748)			
- Infrastructure			(1,019)	
- Heritage Assets				
- Plant and Equipment	(681)	(71,005)	22	(17,037)
Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or (Deficit) on the Provision of Services		85,952		79,360
Difference between fair value depreciation and historical cost depreciation				
- Land & Buildings	(3,881)		(3,702)	
- Surplus Assets	(10)		(16)	
- Plant and Equipment	(4,795)		(840)	
- Council Dwellings	(2,407)	(11,093)	(1,837)	(6,395)
Accumulated gains on assets sold or scrapped				
- Land & Buildings	(15,256)		(2,469)	
- Surplus Assets				
- Plant and Equipment	(1,967)			
- Assets Held for sale			(1)	
- Council Dwellings	(727)		(808)	
- Assets Under Construction		(17,950)	(966)	(4,244)
Amount written off to the Capital Adjustment Account		(29,043)		(10,639)
Balance at 31 March		717,526		660,617

Notes to the Main Financial Statements

23. CASH FLOW STATEMENT - OPERATING ACTIVITIES

	2023/24 £'000	2022/23 £'000
(Surplus)/Deficit on the provision of services	69,760	56,481
Depreciation and impairment of non-current assets	(72,489)	(71,925)
Amortisation of intangible fixed assets	(340)	(362)
Revenue Expenditure Funded from Capital under Statute	(17,972)	(12,763)
Pension Fund adjustments	(6,844)	(41,978)
(Increase)/Decrease in impairment for provision for bad debts	(2,941)	303
(Increase)/Decrease in creditors	69,717	(31,026)
Increase/(Decrease) in debtors	(68,093)	35,155
Increase/(Decrease) in inventories		0
Carrying amount of non-current assets sold	(46,320)	(13,103)
Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	2,890	784
Total adjusting items	(142,392)	(134,915)
Adjustments for items included in the net Surplus or Deficit on the Provision of Services that are investing or financing activities		
Proceeds from the disposal of plant, property and equipment, investment property and intangible assets	24,312	22,210
Capital Grants and other contributions credited to Surplus or Deficit on the Provision of Services	39,077	41,372
Billing Authorities - Council Tax and NNDR adjustments	6,927	41,077
Total included elsewhere on Cash Flow Statement	70,316	104,659
Net cash flows from operating activities	(2,316)	26,225

Notes to the Main Financial Statements

24. CASH FLOW STATEMENT - INVESTING ACTIVITIES

	2023/24 £'000	2022/23 £'000
Cash Outflows		
Purchase of property, plant and equipment	109,268	98,282
Other payments for investing activities	17,972	12,763
	127,240	111,045
Cash Inflows		
Sale of property, plant and equipment	(24,312)	(22,210)
Capital grants received	(39,077)	(41,372)
Other receipts from investing activities	(8,570)	(47,164)
	(71,959)	(110,746)
Net Cash Outflow	55,281	299
Net Increase/(Decrease) in Short-Term Investments	(456)	(34,001)
Net Increase/(Decrease) in Long-Term Investments	481	2,439
Net cash flows from investing activities	55,306	(31,263)

25. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	2023/24 £'000	2022/23 £'000
Cash Outflows		
Repayments of amounts borrowed	86,500	88,167
Capital element of finance lease rental and on-balance sheet PFI payments	72	216
Cash Inflows		
New borrowing taken	(119,000)	(55,000)
Billing Authorities - Council Tax and NNDR adjustments	(6,927)	(41,077)
Net cash flows from financing activities	(39,355)	(7,694)

Reconciliation of Liabilities arising from Financing Activities

	Balance 31 March 2023 £'000	Financing Cash Flows £'000	Non Cash Acquisition £'000	Other Non Cash Changes £'000	Balance 31 March 2024 £'000
Short Term Borrowing	(83,201)	(2,500)	(18,799)	1,703	(102,797)
Long Term Borrowing	(232,713)	(30,000)	0	16,440	(246,273)
Short Term Lease & PFI	(72)	72	(30)	0	(30)
Deferred Liabilities Lease & PFI	(30)	0	0	30	0
Council Tax and NNDR Adjustments	(1,327)	(6,927)	0	0	(8,254)
Total	(317,343)	(39,355)	(18,829)	18,173	(357,354)

	Balance 31 March 2022 £'000	Financing Cash Flows £'000	Non Cash Acquisition £'000	Other Non Cash Changes £'000	Balance 31 March 2023 £'000
Short Term Borrowing	(89,320)	39,833	(34,869)	1,155	(83,201)
Long Term Borrowing	(259,143)	(6,667)	0	33,097	(232,713)
Short Term Lease & PFI	(216)	216	(72)	0	(72)
Deferred Liabilities Lease & PFI	(102)	0	0	72	(30)
Council Tax and NNDR Adjustments	39,750	(41,077)	0	0	(1,327)
Total	(309,031)	(7,694)	(34,941)	34,324	(317,343)

Notes to the Main Financial Statements

26. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Council's external auditors Ernst and Young:

	2023/24 £'000	2022/23 £'000
Fees payable in regard to external audit services carried out by the appointed auditor	404	121
External audit services fee variation	9	114
Fees payable for the certification of grant claims and returns:		
Housing Benefit Subsidy	80	32
Teachers Pension	16	15
Capital Receipts Pooling	10	9
Total External Audit costs	519	291

27. PARKING REVENUE ACCOUNT

The Parking Revenue Account is maintained in accordance with section 55 of the Road Traffic Regulation Act 1984 which provides that a London Borough Council must keep an account of the income and expenditure in respect of parking places on the highway and sets out how any deficit must be treated and limitations on the use of any surplus.

	2023/24 £'000	2022/23 £'000
Income	(7,852)	(5,644)
Expenditure	4,523	3,781
(Surplus)/ Deficit	(3,329)	(1,863)
Allocation of Income from COVID-19 Funding	0	(888)
Allocation of income from EMR	(525)	0
Contribution to transport services	3,854	2,951
Total (Surplus)/ Deficit	(0)	200

28. MEMBER ALLOWANCES

The Council paid the following amounts to members during the year.

	2023/24 £'000	2022/23 £'000
Salaries & Allowances	1,275	1,303
Total	1,275	1,303

Further details on Members' allowances are available on the Council website.

Notes to the Main Financial Statements

29. POOLED BUDGETS

Better Care Fund Pooled Budget

The Better Care Fund (BCF) Pooled Budget was set up in 2015-16. It is a mandatory process through which Council and NHS North West London Integrate Care Board (ICB) budgets are pooled and then reallocated on the basis of an approved plan intended to achieve closer integration of health and social care activities. This is intended to lead to improved outcomes for residents. The BCF is also a route through which the Government targets funding to support the local health and care system.

The Council and the ICB are required to enter into an agreement under section 75 of the National Health Service Act, 2006 in order to give legal effect to the financial and partnership arrangements within the plan. The Authority and NWLICB have defined within the Section 75, confirmed funding levels required to operate these services and they are reviewed on an annual basis. Some schemes are demand led and partners make relevant contributions depending on the type of services being accessed. There is a compulsory contribution that each party must contribute but additional funds can also be pooled. In 2023-24 £61,086k additional contributions were added to the Pooled Budget.

The focus of Hillingdon's 2023/24 Better Care Fund plan is improving care outcomes for older people, mental health and people with learning disabilities and/or autism. With a focus on prevention and early intervention rather than crisis management. Key outcomes include, for example, a reduction in admissions to hospital that are avoidable and also a reduction in permanent admissions to care homes.

All parties to the better care fund pooled budget agreement have joint control. The better care fund pooled budget is a joint arrangement solely for the purpose of working together, with no single body having power of control over the other parties to the agreement. Each partner then accounts for its share of income, expenditure, assets liabilities and cash flows in line with the agreement.

The table below sets out the allocation received by each party for inclusion in the Better Care Fund.

	2023/24			2022/23		
	NWL ICB £'000	LB Hillingdon £'000	Total £'000	NWL ICB £'000	LB Hillingdon £'000	Total £'000
BCF Grant	22,870	0	22,870	21,645	0	21,645
DFG Allocations	0	5,557	5,557	0	5,111	5,111
iBCF	0	7,468	7,468	0	7,468	7,468
Voluntary Contributions	6,789	54,297	61,086	29,402	45,454	74,856
	29,659	67,322	96,981	51,047	58,033	109,080

This funding was then pooled and split out between the partners as set out below:

	2023/24			2022/23		
	NWL ICB £'000	LB Hillingdon £'000	Total £'000	NWL ICB £'000	LB Hillingdon £'000	Total £'000
BCF Grant	14,532	8,338	22,870	13,753	7,892	21,645
DFG Allocations	0	5,557	5,557	0	5,111	5,111
iBCF	0	7,468	7,468	0	7,468	7,468
Voluntary Contributions	6,789	54,297	61,086	29,402	45,454	74,856
	21,321	75,660	96,981	43,155	65,925	109,080

Notes to the Main Financial Statements

30. RELATED PARTY TRANSACTIONS

The Council is required to disclose any material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might 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.

Central Government

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in note 34.

London Housing Consortium

The Council, in partnership with other councils and housing associations, participates in the London Housing Consortium (LHC). The LHC provides specialist architectural services and bulk procurement arrangements for the public sector.

West London Waste Authority

West London Waste Authority is a statutory waste disposal authority created in 1986 with membership of the London Borough of Hillingdon and five other London Boroughs. It is primarily funded by a levy paid by each of the six participating councils. The amount contributed for 2023/24 is included under the heading Precepts and Levies below.

Hillingdon First Limited

The Council has set up a 100% wholly owned subsidiary named Hillingdon First Limited (HFL), to provide affordable housing to residents of Hillingdon and contribute towards local regeneration. As part of the agreement the Council has committed to lend up to £35m to HFL. Any loan advance is subject to the Capital Release process and each project undergoes democratic approval. The Council has invested £3.37m as equity shares in Hillingdon First Limited (HFL). Shares in HFL are not publicly traded so a market share is not readily available thus the fair value of the company has been independently determined to be £6.759m on the basis of future cash flows, business plan and the company's own accounts.

The Pension Fund

The London Borough of Hillingdon Pension Fund is considered a related party. The employer's contribution to the Pension Fund in 2023/24 was £30,186k (£28,095k in 2022/23). The Council also recharged the Pension Fund £483k for staffing and overhead apportionment costs in 2023/24 (£325k in 2022/23). A precept of £349k was paid to the London Pension Fund Authority in 2023/24 (£349k in 2022/23).

Members and Chief Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2023/24 is shown in note 28.

This note concerns the disclosure of additional information on transactions between the Council and its related parties. The purpose of the note is to demonstrate fairness and openness in the accounts. All councillors and relevant officers are required to complete declarations to meet the requirements of IAS 24 - Transactions with Related Parties. Disclosures of Interest have been made in respect of the following organisations: the payment amount will not necessarily be just in respect of grants but will be a total of transactions between the Council and the organisation during the year. There were no material outstanding balances at year-end.

Notes to the Main Financial Statements

2023/24		
Organisation	Name	Payments made as at 31st March 2024 (£)
London Councils	Councillor Jonathan Bianco, Councillor Ian Edwards, Councillor Martin Goddard, Councillor Eddie Lavery, Councillor Douglas Mills, Councillor Susan O'Brien, Councillor Jane Palmer, Councillor Ekta Gohil	£711,307.34
Citizens Advice Hillingdon	Councillor Tony Burles	£285,000.00
Uxbridge Business Improvement District Ltd	Councillor Eddie Lavery	£175,559.64
Her Majesty's Prison And Probation Service	Councillor Jas Dhot	£153,284.00
Bell Farm Christian Centre	Councillor Stuart Mathers	£92,056.00
Local Government Association	Councillor Jonathan Bianco	£63,456.17
Harlington Hospice Association	Councillor Kuldeep Lakhmana	£46,128.75
Hillingdon Citizens Advice Bureau	Councillor Tony Burles	£45,000.00
Ruislip & Northwood Old Folks Assoc	Councillor Becky Haggard, Councillor Eddie Lavery	£30,000.00
Yiewsley Baptist Church	Councillor Stuart Mathers	£26,218.85
Snowflakes Day Nursery & Montessori	Councillor Kamal Preet Kaur	£19,459.63
Hillingdon Brain Tumour Group	Councillor Becky Haggard	£15,000.00

2022/23		
Organisation	Name	Payments made as at 31st March 2023 (£)
Her Majesty's Prison And Probation Service	Councillor Jas Dhot	£854,597.00
London Councils	Councillor Jonathan Bianco, Councillor Ian Edwards, Councillor Martin Goddard, Councillor Eddie Lavery, Councillor Douglas Mills, Councillor Susan O'Brien, Councillor Jane Palmer	£606,892.07
Uxbridge Business Improvement District Ltd	Councillor Eddie Lavery	£555,275.58
Citizens Advice Hillingdon	Councillor Tony Burles	£285,000.00
Bell Farm Christian Centre	Councillor Stuart Mathers	£93,949.00
Harlington Hospice Association Limited	Councillor Kuldeep Lakhmana	£63,320.18
Ruislip & Northwood Old Folks Association	Councillor Becky Haggard, Councillor Eddie Lavery	£52,550.00
Harlington Hospice Association	Councillor Kuldeep Lakhmana	£45,000.00
Hillingdon Brain Tumour Group	Councillor Becky Haggard	£30,000.00
Hillingdon Citizens Advice Bureau	Councillor Tony Burles	£27,876.50
Yiewsley Baptist Church	Councillor Stuart Mathers	£18,652.96
The Law Society	Councillor Nick Denys	£7,272.00

Notes to the Main Financial Statements

Precepts/Levies

The following precepts and levies are considered related party transactions:

	2023/24 £'000	2022/23 £'000
Business Rate Retention - MHCLG	114,942	113,296
Business Rate Retention - GLA	128,874	127,029
Greater London Authority Precept	12,830	11,876
Greater London Authority Crossrail	44,988	41,078
West London Waste Authority Levy	12,708	12,191
TFL Concessionary Fares	5,016	4,878
Lee Valley Regional Park Authority	263	246
Environment Agency	245	245

31. OFFICER EMOLUMENTS

The number of employees in 2023/24 whose remuneration, excluding pension contributions, was £50k or more, are detailed below in bands of £5k. The bandings only include the remuneration of senior employees that have not been disclosed separately. The number of employees included in the totals that exceeded the £50k threshold due to lump sum termination payments are indicated in brackets. These employees left the employment of the Council during the financial year.

Remuneration Band	LBH EMPLOYEES				SCHOOL EMPLOYEES			
	2023/24		2022/23		2023/24		2022/23	
	Due to Lump Sum	Total	Due to Lump Sum	Total	Due to Lump Sum	Total	Due to Lump Sum	
£50,000 - £54,999	152 (2)	130	0	96	0	79	0	
£55,000 - £59,999	114 (2)	95	(1)	68	0	55	0	
£60,000 - £64,999	65 (1)	47	0	41	0	28	0	
£65,000 - £69,999	45 (2)	45	(1)	24	0	18	0	
£70,000 - £74,999	32 0	21	0	12	0	15	0	
£75,000 - £79,999	15 (1)	6	0	16	0	12	0	
£80,000 - £84,999	12 (2)	8	0	17	0	8	0	
£85,000 - £89,999	7 0	8	(2)	8	(1)	8	0	
£90,000 - £94,999	7 0	5	(1)	6	0	1	0	
£95,000 - £99,999	6 (1)	4	0	5	(1)	4	0	
£100,000 - £104,999	2 0	3	0	3	0	2	0	
£105,000 - £109,999	5 (1)	3	0	2	0	1	0	
£110,000 - £114,999	1 0	1	0	0	0	1	0	
£115,000 - £119,999	2 0	1	(1)	2	0	0	0	
£120,000 - £124,999	1 0	1	(1)	0	0	0	0	
£125,000 - £129,999	1 (1)	2	(2)	0	0	0	0	
£130,000 - £134,999	1 0	0	0	0	0	0	0	
£135,000 - £139,999	1 (1)	1	0	1	0	0	0	
£150,000 - £154,999	1 (1)	0	0	0	0	0	0	
£170,000 - £174,999	0 0	1	(1)	0	0	0	0	
	470 (15)	382	(10)	301	(2)	232	0	

Notes to the Main Financial Statements

Disclosure of Remuneration for Senior Employees (Schools): -

Details of school employees in the above table earning over £100,000 during 2023/24 is listed below.

Job Title	Pensionable Pay 2023/24	Pensionable Pay 2022/23	Due to Lump Sum
Headteacher - Harlington School	£109,657	Below £100,000	No
Headteacher - Yeadon Infant School	Below £100,000	£102,188	No
Headteacher - Deanesfield Primary School	£115,055	£108,586	No
Headteacher - Meadow High School	£135,410	Below £100,000	No
Deputy Headteacher - Meadow High School	£100,964	Below £100,000	No
Headteacher - Hedgewood School	Below £100,000	£103,832	No
Headteacher - Oak Wood School	£119,872	£110,764	No
Headteacher - Botwell House Catholic Primary School	£108,573	Below £100,000	No
Headteacher - Sacred Heart Catholic Primary School	£103,813	Below £100,000	No
Headteacher - Lady Bankes Primary School	£104,238	Below £100,000	No

Notes to the Main Financial Statements

Disclosure of Remuneration for Senior Employees (LBH): -

The following disclosure sets out remuneration for staff included in tiers 1 and 2 of the Council's management structure for 2023/24.

Group	Job Title		2023/24			
			Contracted Salary	Compensation for	EER's pension	Total
	Chief Executive (T Zaman)		£223,933	£0	£53,968	£277,901
	Corporate Director of Finance (A Evans)		£171,671	£0	£41,373	£213,044
	Corporate Director of Central Services (D Kennedy)		£175,950	£0	£42,404	£218,354
	Corporate Director of Children's Services (J Kelly)		£172,043	£0	£0	£172,043
	Corporate Director of Adult Social Care and Health (S Taylor)		£155,914	£0	£37,575	£193,489
	Corporate Director of Place		£59,280	£0	£0	£59,280
	Chief Digital and Information Officer		£103,500	£0	£24,944	£128,444
Leavers	Corporate Director of Place	1	£142,627	£0	£34,373	£177,000

1. Employment ended 05/01/2024

Disclosure of Remuneration for Senior Employees (LBH): -

The following disclosure sets out remuneration for staff included in tiers 1 and 2 of the Council's management structure for 2022/23.

Group	Job Title		2022/23			
			Contracted Salary	Compensation for	EER's pension	Total
	Interim Chief Executive and Corporate Director (T Zaman)		£222,384	£0	£0	£222,384
	Corporate Director of Finance (A Evans)		£151,636	£0	£36,544	£188,181
	Corporate Director of Place (P Scott)		£192,319	£0	£46,349	£238,668
	Corporate Director of Resources (D Kennedy)		£183,005	£0	£44,104	£227,109
	Interim Head of Legal Services		£116,520	£0	£28,081	£144,602
	Executive Director of Children's Services		£149,907	£0	£0	£149,907
	Executive Director of Adult Services and Health		£146,944	£0	£35,413	£182,357
Leavers	Corporate Director of Finance (P Whaymand)	1	£92,214	£146,270	£0	£238,485
	Head of Legal Services (R Alagh)	2	£32,159	£91,248	£7,750	£131,157
	Deputy Director Corporate Finance	3	£11,048	£0	£2,663	£13,711
	Director Adult Social Work	4	£35,953	£0	£8,665	£44,617
	Director of Education & SEND (V Hansrani)	5	£150,404	£11,183	£29,126	£190,712

1. P Whaymand Corporate Director of Finance until 13/09/2022

2. R Alagh Head of Legal Services until 10/06/2022

3. Post deleted 28/04/2022

4. Employment ended 31/07/2022

5. Employment ended 10/03/2023

Notes to the Main Financial Statements

32. EXIT PACKAGES

The number of exit packages that have been agreed by the Council during the year are listed below. These packages include redundancy costs, pension strain costs, ex gratia payments and other departure costs. The Council does not award added years pension contributions, but pension strain is incurred where a pension is taken early without actuarial reduction and is a cost to the Council, not a direct payment to the employee.

Exit package costs by banding which include special payments and pension strain costs. Pension strain costs of £972k in the table below include £130k estimates which are commitments as at the end of the financial year.

LBH EMPLOYEES						
Cost Band	2023/24 No. of LBH Employees with Exit Packages Number	Number of Compulsory Redundancies Number	Number of Other Departures Agreed Number	Total Exit Payments to Employees £'000	Pension Strain Costs £'000	Total Exit Package Cost £'000
£0 - £20,000	16	15	1	190	6	197
£20,001 - £40,000	6	4	2	151	21	173
£40,001 - £60,000	6	5	1	192	112	304
£60,001 - £80,000	5	3	2	166	175	341
£80,001 - £100,000	5	3	2	187	282	469
£100,001 - £150,000	1	1	0	31	74	105
Over £150,000	2	1	1	117	300	417
	41	32	9	1,034	972	2,006

LBH EMPLOYEES						
Cost Band	2022/23 No. of LBH Employees with Exit Packages Number	Number of Compulsory Redundancies Number	Number of Other Departures Agreed Number	Total Exit Payments to Employees £'000	Pension Strain Costs £'000	Total Exit Package Cost £'000
£0 - £20,000	7	7	0	64	0	64
£20,001 - £40,000	7	1	6	155	39	194
£40,001 - £60,000	2	0	2	90	0	90
£60,001 - £80,000	2	0	2	144	0	144
£80,001 - £100,000	1	0	1	0	95	95
£100,001 - £150,000	4	2	2	411	77	488
Over £150,000	3	1	2	237	324	561
	26	11	15	1,101	535	1,636

SCHOOL EMPLOYEES						
Cost Band	2023/24 No. of Schools Employees with Exit Packages Number	Number of Compulsory Redundancies Number	Number of Other Departures Agreed Number	Total Exit Payments to Employees £'000	Pension Strain Costs £'000	Total Exit Package Cost £'000
£0 - £20,000	7	5	2	63	0	63
£20,000-£40,000	4	1	3	80	35	115
	11	6	5	143	35	179

SCHOOL EMPLOYEES						
Cost Band	2022/23 No. of Schools Employees with Exit Packages Number	Number of Compulsory Redundancies Number	Number of Other Departures Agreed Number	Total Exit Payments to Employees £'000	Pension Strain Costs £'000	Total Exit Package Cost £'000
£0 - £20,000	5	5	0	34	0	34
£20,000-£40,000	2	2	0	14	35	49
	7	7	0	48	35	83

Notes to the Main Financial Statements

33. DEDICATED SCHOOLS GRANT

The Dedicated Schools Grant has been credited to Education and Children's Services in the Comprehensive Income and Expenditure Statement.

The Council's expenditure on schools is funded by grant monies provided by the Department for Education through the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budgets as defined in the School and Early Years Finance (England) Regulations 2014. The Schools Budget includes elements for a restricted range of services provided on a council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of the DSG receivable for 2023/24 are as follows:

Schools Budget Funded by Dedicated Schools Grant			
Central Expenditure £'000	Individual Schools Budget £'000	Total £'000	
Final DSG for 2023/24 before academy and high needs recoupmnt		358,446	
Academy and high needs figure recouped for 2022/24		(174,801)	
Total DSG after academy recoupmnt for 2023/24		183,645	
Plus Brought-forward from 2022/23		3,499	
Less Carry-forward to 2024/25 agreed in advance			
Agreed initial budgeted distribution in 2023/24	58,699	128,445	187,144
In year adjustments	(492)		(492)
Final budgeted distribution for 2023/24	58,207	128,445	186,653
Less actual central expenditure	80,314		80,314
Less actual ISB deployed to schools		128,445	128,445
Absorbed by Local Authority 2023/24			0
In-year carry-forward to 2024/25	-22,107	0	(22,107)
Carry-forward to 2024/25			
DSG unusable reserve at the end of 2021/22			(25,386)
Cumulative Adjustment to DSG unusable reserve up to end of 2023/24			(22,107)
Total of DSG unusable reserve at the end of 2023/24			(47,493)
Net DSG position at the end of 2023/24			(47,493)

Note – the carry forward of £(22,107)k to 2024/25 includes cumulative prior year adjustments of £3,499k up to 2022/23 to the 2020/21 DSG unusable reserve (deficit) of £(25,386)k, since the inception of the DSG Safety Valve Agreement with London Borough of Hillingdon and the Department for Education.

The Council's Safety Valve Funding position is currently under discussion with the DfE and pending the outcome of those discussions, the DfE has chosen to suspend its commitment for further agreed funding of the deficit position. The projected deficit has therefore been adjusted to reflect the suspension meaning the cumulative deficit carried forward to 2024/25 is reported at £47,493k. The Council remains in dialogue with the DfE and committed to delivering the DSG management plan.

Notes to the Main Financial Statements

34. GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

REVENUE GRANT INCOME

	2023/24 £'000	2022/23 £'000
Revenue Grant Income Credited to Taxation and Non Specific Grant Income		
Section 31 Business Rates Grants	16,948	14,233
Revenue Support Grant	8,122	7,014
Services Grant	1,935	3,255
New Homes Bonus	1,494	2,765
Housing Benefit Administration Subsidy	1,040	1,030
Council Tax Support Hardship Award	466	0
Lower Tier Services Grant	396	459
UK Shared Prosperity Fund	297	0
Other	149	316
Council Tax Energy Rebate	0	12,749
Independent Living Fund Grant	0	493
COVID-19 Business Support Grant Payments	0	465
Local Council Tax Support Administration Subsidy	0	372
COVID-19 Omicron Hospitality & Leisure Grant	0	36
COVID-19 Test & Trace Support Payments	0	12
Total Non-Specific Revenue Grants	30,847	43,199

Notes to the Main Financial Statements

Revenue Grant Income Credited to Services

Department for Education

	2023/24 £'000	2022/23 £'000
Dedicated Schools Grant	183,617	185,786
Pupil Premium	6,552	4,714
ESFA General Education Grants	4,733	0
Meadow Special Day	3,478	0
Hedgewood Special	2,860	0
Universal Infant Free School Meals	2,445	2,292
Sixth Form & Adult Learning Grants	2,396	1,726
Adult & Community Learning	1,836	1,895
Private Finance Initiative	1,778	1,778
ESFA Pay & Pension Grants	1,387	0
Holiday Activities & Food Grant	1,125	1,204
PE & Sports Grant	879	879
School Improvement Monitoring & Brokering Grant	123	125
Teachers Pay Grant	0	4,567

Department for Levelling Up, Housing & Communities

Homelessness Prevention Grant	3,329	2,910
Rough Sleeping Initiative	2,517	2,252
Asylum Dispersal Grant	2,051	0
Homes for Ukraine	1,896	1,659
Troubled Families Grant	1,196	1,033
Criminal Justice Grant	591	546
Business Rates Cost of Collection Allowances	558	567
Ex-Offenders Grant	132	0
Redmond Review	63	63
COVID-19 Reopening the High Street Safely	15	20
Apprenticeship Levy	0	552
Afghan Relocation Scheme	0	307
COVID-19 Surge Testing	0	5
COVID-19 Practical Support Grant	0	3

Department of Health & Social Care

Public Health Grant	19,143	18,539
Adult Social Care Support Grant	15,607	9,506
Better Care Fund	8,340	7,893
Improved Better Care Fund	7,468	7,468
Adult Social Care Discharge	2,644	0
Market Sustainability & Fair Cost of Care	2,438	532
COVID-19 Infection Control Grant	0	612
COVID-19 Community Testing	0	19

Arts Council

Music Education Hub	448	450
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Department for Work and Pensions:

Housing Benefit Subsidy	86,748	87,669
COVID-19 Winter Grant Scheme	4,139	4,072
Discretionary Housing Payments	671	665

Home Office:

Funding for Unaccompanied Asylum Seeking Children	7,754	7,348
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GLA

MOPAC Grant	528	0
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Other

Other Grants	4,857	7,206
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Contributions

Other Contributions	25,642	22,704
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Total Grants Credited to Services

	411,982	389,565
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Total Revenue Grant Income

	442,829	432,763
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Notes to the Main Financial Statements

CAPITAL GRANT INCOME

	2023/24 £'000	2022/23 £'000
Capital Grant Income credited to the Comprehensive Income and Expenditure Statement		
Disabled Facilities Grant	5,557	5,111
Education and Skills Funding Agency	12,013	5,616
Department for Business Energy and Industrial Strategy	6,785	1,151
HS2	1,489	823
Greater London Assembly	4,028	19,568
West London Waste Authority	0	0
Transport for London	1,713	1,099
Food Standards Agency	0	0
Better Homes Grant capital	0	0
Total Capital Grant Income	31,585	33,368
Schools Capital Contributions	2,492	2,210
Department for Transport	168	0
S106 Contributions	743	1,499
Community Infrastructure Levy	2,562	2,528
Environment Agency	23	201
National Highways	132	94
Heritage Lottery Fund	921	985
Lawn Tennis Association	62	119
England and Wales Cricket Board	0	52
Network Rail	78	80
Other Capital Contributions	311	236
Total Capital Grants and Contributions Received	39,077	41,372

Of the capital grant income applied to the Comprehensive Income and Expenditure account within Taxation and Non-Specific Grant income, £36,940k was used to fund the Capital Programme and £2,137k was transferred to the Capital Grants Unapplied Reserve for future use.

GRANTS RECEIVED IN ADVANCE

The Council has received a number of 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 awarding body should condition for use fail to be met. Revenue grants with these conditions are included within Creditors under the amounts owed to Government Departments. The balances for capital grants at the year-end are as follows:

	2023/24 £'000	2022/23 £'000
Capital Grant & Contribution Receipts in Advance		
ESFA & Other Capital Grants	28,087	21,604
Housing Capital Grants including Green initiatives	26,724	28,186
S106	27,226	23,677
Total Capital Grant & Contribution Receipts in Advance	82,037	73,467

Notes to the Main Financial Statements

35. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, 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 Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in this note.

	2023/24 £'000	2022/23 £'000
Opening Capital Financing Requirement	420,622	412,056
Capital investment		
Property, Plant and Equipment	108,729	97,301
Intangible Assets	539	66
Revenue Expenditure Funded from Capital under Statute	17,972	12,763
Long Term Investment in HFL		(1,129)
Loan to HFL		0
Sources of finance		
Capital receipts	(18,163)	(13,697)
Government grants and other contributions	(36,940)	(45,981)
Sums set aside from revenue:		
Direct revenue contributions	(22,736)	(23,213)
Minimum Revenue Provision (MRP) / loans fund principal	(17,864)	(17,319)
Previous Voluntary Revenue Provision released	4,839	0
Other Revenue Provision	(72)	(225)
Closing Capital Financing Requirement	456,926	420,622
Explanation of movements in year		
Increase/(Decrease) in underlying need to borrow :		
- unsupported by Government financial assistance	36,304	8,566
Increase/(Decrease) in Capital Financing Requirement	36,304	8,566

The Capital Financing Requirement (CFR) is a measure of the Council's underlying need to borrow for capital purposes. It does not represent the Council's actual borrowing which is determined following consideration of other balances such as reserves, provisions, working capital and timing differences of cash inflows and outflows.

36. LEASES

In financial years prior to 2023/24 the Council acquired a private finance initiative (PFI) school under finance leases with the risks and rewards associated with ownership of such assets having transferred to the Council. Assets acquired under finance leases are carried as Property, Plant and Equipment in the Balance Sheet. Since the initial transfer, the PFI school moved to Academy status and the asset was removed from the balance sheet, however the Council still holds the liability.

The Council is committed to making minimum payments under these leases comprising settlement of the long term liability for the interest in the asset and finance costs that will be payable by the Council in future years whilst the liability remains outstanding.

The future payments relating to both finance and operating leases held by the Council are made up of the following amounts:

Notes to the Main Financial Statements

Finance Leases - Lessee (including PFI)

Plant, Property and Equipment Outstanding obligations on 31 March

Within 1 year (held in current liabilities)
2 - 5 years
Total costs payable in future years
Total future lease payments

Finance Lease Liabilities		Minimum Lease Payments	
2023/24 £000's	2022/23 £000's	2023/24 £000's	2022/23 £000's
30	72	39	95
0	30	0	39
0	30	0	39
30	102	39	134

Operating Leases – Lessee

Plant, Property and Equipment Outstanding obligations on 31 March

Within 1 year
2 - 5 years
Total future lease payments

Operating Lease	
2023/24 £'000	2022/23 £'000
84	125
186	163
270	288

Operating lease obligations include commitments held by Hillingdon maintained schools as well as those held by the Council. Operating lease expenditure of £84k (£125k in 22/23) relating to maintained schools is included within Cost of Services in the Comprehensive Income and Expenditure Statement.

Operating Leases - Lessor

The Council leases out property under operating leases for the following purposes:

- for the provision of community services, such a sports facilities and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses

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

Future Minimum Lease Payments:

Within 1 year
2 - 5 years
More than 5 years
Total future lease payments

Operating Lease	
2023/24 £'000	2022/23 £'000
1,034	1,132
2,671	2,911
7,726	8,204
11,431	12,247

The minimum lease payments receivable do not include rents that are contingent on events taking place after the commencement of the lease, such as adjustments following rent reviews.

37. LONG TERM CONTRACTS AND PRIVATE FINANCE INITIATIVE

Private Finance Initiative (PFI)

In December 1998 the Council entered into a 25 year contract with a private sector partner, Jarvis (Barnhill) Limited, to build and provide facilities management at Barnhill Community High School under a private finance initiative (PFI) arrangement. The school opened in September 1999. In 2010 the parent company Jarvis PLC went into administration and management of the facility was transferred to Johnson Workplace Management Ltd without impacting the day to day operation of the school. In August 2013 Johnson Workplace Management Ltd were acquired by Bellrock Facilities Management who are now responsible for the management of the contract. The PFI contract will end in September 2024. In 2023/24 the Council paid principal of £102k, interest of £32k and service charges of £3,651k. Current forecasts of future payments, assuming satisfactory performance over the remaining 1 year of the contract, are set out below. As payments to the contractor are index linked, these figures are based on current indexation rates and may vary if rates alter.

Notes to the Main Financial Statements

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Within 1 year	1,665	30	9	1,704
Total	1,665	30	9	1,704

In 2018/19 Barnhill Community High School transferred to academy status resulting in the removal of the property from the Council's asset register, however the liability will remain in place until it is extinguished in 2024/25. The Council will have no responsibility after this date.

The charge for the current year was £72k matching the principal repayment. The outstanding liability of the capital value at 31 March 2024 is £30k which is due within a year and therefore included in creditors.

38. CONTINGENT LIABILITIES AND ASSETS

Contingent assets –

There are minor potential reimbursements currently relating to 2023/24 totalling £107k.

Contingent liability –

The Council has several claims that are undergoing legal proceedings and the liabilities associated with these potential claims are estimated at £502k collectively.

39. EVENTS AFTER THE BALANCE SHEET DATE

Events taking place after the 31st March 2024 are not reflected in the financial statements or notes, unless they are of such importance that non-disclosure would affect the ability of users to make proper evaluations and decisions. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no events to report after the Balance Sheet date that deem adjustment or disclosure in the accounts.

Notes to the Main Financial Statements

40. AGENCY

Collection of Mayoral CIL

The Community Infrastructure Levy (CIL) is a planning charge, introduced by the Planning Act 2008, as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. Following this, the Mayoral CIL (MCIL) was introduced to assist in financing Crossrail. The MCIL Levy was ratified on 29 February 2012 and applies to developments agreed after 1 April 2012. The levy is charged on most developments in Central London and is charged at £35 per square metre (MCIL1) or £60 per square metre (MCIL2) in Zone 2. Local planning authorities are responsible for collecting Mayoral CIL payments on behalf of the Mayor. The local planning authority is able to retain 4% of the levy to cover the costs of administration and collection. Contributions of £3,244k have been received this year and £3,115k has been paid over to the charging authority (Transport for London) with £130k retained by the Council to cover administrative expenses.

41. SUMMARY OF TREASURY MANAGEMENT POLICY

The Council defines its treasury management activities as:

“The management of the Council’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

The Council's underlying need to borrow for capital purposes is measured by reference to the Capital Financing Requirement which represents the cumulative capital expenditure of the Council that has not been financed from internal resources.

The Council's borrowing will be affordable, sustainable, and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations.

42. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Instruments - Risks

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

Notes to the Main Financial Statements

The main risks covered are:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments.
- 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.

Credit Risk: Treasury

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The Council manages credit risk by ensuring treasury investments are only placed with organisations of high credit quality as outlined in the Treasury Management Strategy. These include financial institutions with a minimum long term credit rating of A- (Fitch); A3 (Moody's); A- (S&P) for UK counterparties, A+ (Fitch); A1 (Moody's); A+ (S&P) for Overseas counterparties and AA+ (Fitch); Aa1 (Moody's); AA+ (S&P) for non-UK sovereigns, the UK government, other local authorities and organisations without credit ratings upon which the Council has received independent investment advice. The Treasury Management Strategy also sets maximum sums that can be invested with any financial institution.

The Council also considers other information such as corporate developments, market sentiment towards investment counterparties and other sources of intelligence before making deposits.

Credit Rating Definitions

Long Term		Money Market Funds
AAA	Highest credit quality	Fitch: AAmmf : Extremely strong capacity to achieve fund's investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk.
AA	Very high credit quality	
A	High credit quality	
BBB	Good credit quality	Moody's: Aaa Money Market Funds are judged to be of an investment quality similar to Aaa-rated fixed income obligations.
BB	Speculative	
B	Highly speculative	
CCC	Default possibility	S&P: AAAM has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market and/or liquidity risks.
CC	Default imminent	
D	Defaulted	

Notes to the Main Financial Statements

The table below summarises the credit risk exposures of the Council's treasury investment portfolio and other receivables by credit rating and remaining time to maturity, also identifying expected loss:

	31 March 2024			31 March 2023				
	Rating at 31 March 2024*	Long Term	Short Term	Expected Loss	Rating at 31 March 2023*	Long Term	Short Term	Expected Loss
		£'000	£'000	£'000		£'000	£'000	£'000
Credit Risk Exposures								
UK Banks:								
- Barclays Current Accounts	A+	0	1,632	0	A	0	2,260	0
- Handelsbanken Current Account	AA-	0	0	0	AA-	0	0	0
- HSBC Current Accounts	A+	0	376	0	A+	0	140	0
- Lloyds Current Accounts	A+	0	13,306	0	A+	0	12,624	0
- Lloyds Short-Term Deposit	A+	0	1,005	0	A+	0	1,461	0
- NatWest Current Accounts	A	0	1,971	0	A	0	(2,820)	0
- Santander Current Accounts	A	0	0	0	A	0	0	0
- PrePaid Financial	Unrated	0	1,063	0	Unrated	0	1,592	0
Sub Total		0	19,354	0		0	15,257	0
Investments where credit loss is not applicable								
Government & Local Authority Investments:								
- DMADF	AA-	0	28,522	N/A	AA-	0	36,704	N/A
- Cornwall Council	A+	0	0	N/A	A+	0	10,003	N/A
Money Market Funds	AAA**	0	0	N/A	AAA**	0	0	N/A
Pooled Funds (Long-Term)	Unrated	14	0	N/A	Unrated	13	0	N/A
Strategic Pooled Funds	Unrated	13,931	0	N/A	Unrated	13,493	0	N/A
Shares in Listed Companies (Long-Term)	Unrated	35	0	N/A	Unrated	58	0	N/A
Hillingdon First Limited	Unrated	6,759	0	N/A	Unrated	6,759	0	N/A
Cash Held By Council	N/A	0	20	N/A	N/A	0	22	N/A
Sub Total		20,739	28,542	0		20,323	46,729	0
Lease Receivables		1,034	10,397	0		0	0	0
Soft Loan	N/A	1,308	0	(4)	N/A	1,242	0	-2
Trade Receivables - Simplified Approach		1,562	34,722	(15,413)		223	47,138	(12,122)
Sub Total		3,904	45,119	(15,417)		223	47,138	(12,122)
Total		24,643	93,015	(15,417)		20,546	109,124	(12,122)

*Ratings provided are the Fitch rating or lowest equivalent, ** All funds held with AAAmmf or equivalent ratings with at least one of the rating agencies

Notes to the Main Financial Statements

Loss Allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. Loss allowances as at 31 March 2024 and 31 March 2023 have been calculated on treasury investments held at amortised cost but are immaterial and therefore no impairments have been made.

Loss allowances on trade receivables are calculated using a simplified approach based on historic experience adjusted for current and forecast influences. Credit impairment assessments are carried out annually with the total balance sheet carrying amount being adjusted and the movement being allocated to the CIES accordingly.

The Council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract.

Borrowing

The policy on borrowing is to spread exposure between Public Works Loans Board (PWLB), local authorities and market sources. This enables the Council to avail itself of rescheduling facilities offered by PWLB and to obtain favourable rates, when offered by the market.

	31 March 2024				31 March 2023			
	PWLB £'000	Market £'000	Temporary Local Authorities £'000	Total £'000	PWLB £'000	Market £'000	Temporary Local Authorities £'000	Total £'000
Nominal Value	239,171	48,000	69,000	356,171	200,671	48,000	75,000	323,671
Premium	(9,409)	0	11	(9,398)	(9,472)	0	14	(9,458)
Accrued Interest	705	607	987	2,299	533	610	560	1,703
Amortised Value	230,466	48,607	69,998	349,072	191,732	48,610	75,574	315,916

Liquidity Risk

Liquidity risk is the risk that cash will not be available when it is required. This can jeopardise the ability of the Council to carry out its daily functions or disrupt these from being carried out in the most cost-effective manner. To prevent or minimise this risk, the Council has a comprehensive cash flow management process that seeks to ensure that cash is available as needed. The Council holds as a minimum £10m of liquid financial assets that can be withdrawn at short notice if required to meet cash outflows on financial liabilities. If unexpected movements occur, the Council has ready access to borrowings from money markets and the PWLB. There is no significant risk that the Council will be unable to raise finance to meet its commitments.

Instead, the risk to which the Council is exposed is when loans or other forms of capital financing mature, they cannot be refinanced where necessary on terms that reflect the assumptions made in formulating revenue and capital budgets. The policy on debt redemption is to maintain a fairly stable fall out of debt required to be refinanced each year. To achieve this, targets are set within the Treasury Management Strategy which limit the maximum amount of debt maturities within specific time periods. This spreads the risk of interest rate exposure so all debt is not subject to renewal at the same time. The maturity analysis of financial liabilities is as follows:

	Limit for Debt Maturity	31 March 2024			31 March 2023		
		Actual % Debt Maturity	Principal Repayment £'000	Principal and Interest Repayments	Actual % Debt Maturity	Principal Repayment £'000	Principal and Interest Repayments
Less than 1 year	50%	28.9%	103,477	117,243	27.1%	88,203	96,132
Between 1 and less than 2 years	50%	9.0%	32,167	40,206	6.9%	22,514	30,055
Between 2 and less than 5 years	50%	11.6%	41,500	62,055	19.3%	62,833	83,450
Between 5 and less than 10 years	100%	13.7%	49,167	77,858	14.1%	45,833	74,557
Between 10 and less than 20 years	100%	15.5%	55,571	96,191	20.1%	65,404	107,460
Between 20 and less than 30 years	100%	1.4%	5,000	40,523	0.0%	0	35,239
Between 30 and less than 40 years	100%	6.6%	14,191	37,093	8.8%	19,128	43,718
Between 40 and less than 50 years	100%	10.9%	39,000	45,210	2.5%	8,000	15,837
Over 50 years	100%	2.5%	9,000	9,671	1.2%	4,000	5,017
Total		100.0%	349,072	526,050	100.0%	315,915	491,465

Notes to the Main Financial Statements

In addition to debt that falls out naturally in any year, the Council can choose to redeem debt early as part of its overall debt management policy. This assists in restructuring the Council's debt portfolio and although in the short term a premium charge may be incurred, longer term finance costs may be significantly reduced. LOBO loans have been included at their final maturity date.

Interest Rate Risk

The Council is exposed to risks arising from movements in interest rates. To manage interest rate risk the Council will aim to balance variable rate debt with its exposure to variable rate investments. This approach will offset any increase or decrease in borrowing costs with comparable changes in investment income. The Council is required to set an indicator to control the Council's exposure to interest rate risk. The interest rate risk indicator Limit Upper limit on one-year revenue impact of a 1% rise in interest rates is £1.0m; Upper limit on one-year revenue impact of a 1% fall in interest rates is (£1.0m). The impact of a change in interest rates is calculated both on the assumption that fixed-rate maturing loans and investments will be replaced at their existing fixed rates and with a forecast maximum variable rate net investment and debt position of £100m.

Movements in interest rates can impact the Council in several ways. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or 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 or Deficit on the Provision of Services will rise
- investments at fixed rates and pooled funds – 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 or 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.

If interest rates had been 1% higher (based on 2023/24 balances and with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	313
Increase in interest receivable on variable rate investments	(479)
Decrease in fair value of investments held at FVPL charged against provision of services	341
Impact on Surplus or Deficit on the Provision of Services	175
Share of overall impact credited to the HRA	1,067
Decrease in fair value of investments held at FVOCI	0
Impact on Other Comprehensive Income and Expenditure	0
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)	(21,775)

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. The fair value assumptions are based on the same methodology as used in the "Fair Value" disclosure note.

Price Risk

The Council has a small historic holding of £58k classified as shares in listed companies. Based on the holding value at 31 March 2024 a 5% fall in share prices would result in a £2k charge to the Income and Expenditure Account.

The Council's investment in pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's exposure to equities within its £15m strategic pooled funds being diluted as the investments are in diverse asset classes also including bonds. Based on the holding value at 31 March 2024 a 5% fall in share prices would result in transfer of £256k to Pooled Investment Fund Adjustment Account.

Notes to the Main Financial Statements

The market prices of the Council's units in pooled funds are governed by prevailing interest rates and the market risk associated with these instruments which is managed alongside interest rate risk.

Foreign Exchange Risk

All the financial assets and liabilities are denominated in GBP and thus have no exposure to loss arising from movements in exchange rates.

Financial Liabilities

The majority of borrowing made by the Council is sourced from the PWLB (£239,171k nominal value at 31 March 2024 all at fixed rates). Borrowing at fixed rates enables the Council to enjoy stability of costs in future years and helps improve budgetary processes. Fixed rates protect the Council from interest rate increases but in contrast exposes it to opportunity costs should rates fall. Borrowing at variable rates currently allows the Council to source debt at levels which are considerably lower than fixed rate debt. Sourcing debt from the PWLB allows the Council to reschedule or prematurely redeem debt and the portfolio is continually monitored to take advantage of opportunities that may present themselves periodically to reduce overall costs.

A total of £36,000k debt (nominal value) is held in "Lenders Option Borrowers Option" (LOBO) market loans. These have been set to provide varying periods of fixed rate ranges with subsequent options for the lender to change this rate on agreed dates. In 2024/25 one loan for £6,000k and in 2025/26 two loans totalling £10,000k are scheduled for rate change options. In addition, the Council holds £12,000k of fixed-rate market loans and £69,000k of Local Authority to Local Authority borrowing.

Although internal borrowing continued to be utilised during the year, external borrowing was also required during 2023/24 to ensure liquidity was maintained. The total loan portfolio increased by £32,500k resulting in a total nominal balance at year-end of £356,171k.

Financial Assets

The Council had a weighted average balance of investments for 2023/24 of £83,630k including £15,000k in strategic pooled funds. Throughout the year deposits were placed in instant access accounts, pooled funds and in fixed-term deposits with varying maturity periods. This approach aimed to match investment maturities with expected expenditure and so spread interest rate risk. At year-end there were no deposits with maturities extending beyond one year and therefore all instruments are classified as variable.

In 2019/20 the Council made a long-term cash investment of £3,371k in shares in the subsidiary Hillingdon First. The objective of Hillingdon First Limited is to deliver a financial return to the Council and provide housing and or a commercial unit for sale or rent. It will achieve this by the generating of long-term sustainable revenue streams through the delivery of high-quality housing to meet the needs of Hillingdon's residents. The fair value of the investment is currently £6,759k.

The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. While one of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. To limit these risks, upper limits on the sums invested in each category have been set in Table 1 below. Furthermore, the Council is protected against any loss through a charge over the assets of Hillingdon First Ltd.

Table 1 - Loans & Shares for Service Purposes

Hillingdon First Ltd	2023/24 Approved Limit £m
Loans	0-35
Shares	0-50
TOTAL	50

Notes to the Main Financial Statements

43. PENSION SCHEMES

Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits that include retirement pensions, dependent pensions, death grants and lump sum payments. Although these benefits will not actually be payable until employees retire, the Council's commitment to make future payments needs to be disclosed as the future entitlement is earned.

The Council participates in four defined benefit pension schemes; two funds of the Local Government Pension Scheme (LGPS), the Teachers' Pension Scheme and the NHS Pension Scheme. Accounting for the Teachers' Pension Scheme and NHS scheme varies from that of the LGPS and is expanded upon further within this note.

LGPS

The two LGPS scheme funds are:

- London Borough of Hillingdon (LBH) Pension Fund of the LGPS for employees, administered locally by the Council.
- London Pension Fund Authority (LPFA) Pension Fund of the LGPS, which is a closed arrangement for former employees administered by the London Pension Fund Authority.

For the London Borough of Hillingdon LGPS, contributions are made at a level intended to balance the pensions liabilities with investment assets. The adequacy of the funds' contributions and investments to resource future liabilities is reviewed tri-annually by actuaries appointed by the Council. Contribution rates are then set to meet the overall liabilities of the fund under Pension Fund Regulations. During 2022/23 the employer's contribution rate was 24.1%.

Employees contributed at variable rates between 5.5% and 12.5% of pensionable salary. The employer's contribution rate set for 2023/24 is 24.1% with any pension strain costs being directly attributable to the service area, as was the case in 2022/23.

The London Pension Fund Authority (LPFA) Pension Scheme has been combined with London Borough of Hillingdon Pension Fund in the figures within this note as it is a closed non-contributing fund for a number of former employees.

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme. This fund is administered by the Department for Education and provides teachers with defined benefits upon their retirement. The Council contributes towards the pensions by making payments to the fund based on a percentage of members' pensionable salaries. The employer's contribution rate for 2023/24 was 23.68% (the rate in 2022/23 was 23.68%). The total contribution to the fund by the Council in 2023/24 was £11,968k (£11,263k in 2022/23), of this amount £1,055k was outstanding on 31 March 2024 (£957k on 31 March 2023).

The Teachers' Pension Scheme is a defined benefit scheme. Although the scheme is unfunded, a notional fund is used as a basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted on the same basis as a defined contribution scheme. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teacher's scheme. There was £342k paid in respect of on-going early retirement payments in 2023/24 (£312k in 2022/23).

NHS Pension Scheme

The Health and Social Care Act 2012 made provision for the transfer of public health services and staff from primary care trusts (PCTs) to local authorities. As a result of this transfer, the Council is responsible for deduction of pension contributions, both employees and employers from transferred staff. These contributions are forwarded on directly to the National Health Service Pension Scheme. The National Health Service Pension Scheme is unfunded and administered by National Health Service Business Services Authority (NHSBSA). It is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted on the same basis as a defined contribution scheme. The pension cost charged to the accounts is the contribution rate set by the NHSBSA. In 2023/24 the Council paid a total of £15.2k, (£19.5k in 2022/23) to the NHS Pension Scheme, representing 14.38% of pensionable pay. The Department of Health and Social Care's transitional arrangement for the increase of employer contributions continued in 2023/24. This means

Notes to the Main Financial Statements

that in 2023/24 all employers continued to pay 14.38% in employer contributions including 0.08% for the scheme administrator charge under the normal monthly payment process to the NHS Pension Scheme. This rate will continue to be paid in 2024/25.

Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	LBH Pension Fund		LPFA Pension Fund		Total	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Cost of Services						
Current Service Cost	25,985	53,975	0	0	25,985	53,975
Past Service Costs (Including curtailments)	1,246	618	0	0	1,246	618
(Gain)/Loss Settlements	0	0	0	0	0	0
Administration Expenses	734	933	0	0	734	933
Financing and Investment Income and Expenditure:						
Net Interest Expense	12,148	16,897	106	61	12,254	16,958
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	40,113	72,423	106	61	40,219	72,484
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement						
Remeasurement of the net defined benefit liability comprising:						
Return on plan assets (excluding the amount included in the net interest expense)	(64,864)	91,799	27	1	(64,837)	91,800
Actuarial gains and losses arising on changes in financial assumptions	(54,686)	(569,009)	24	(400)	(54,662)	(569,409)
Other	35,062	79,900	0	175	35,062	80,075
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(84,488)	(397,310)	51	(224)	(84,437)	(397,534)
Movement in Reserves Statement						
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(6,741)	(41,920)	(103)	(58)	(6,844)	(41,978)
Actual amount charged against the General Fund Balance for pensions in the year:						
Employer's contributions payable to scheme	(31,303)	(28,648)	0	0	(31,303)	(28,648)
Contributions in respect of unfunded benefits	(2,069)	(1,855)	(3)	(3)	(2,072)	(1,858)
Total Employers Contributions Payable to Scheme	(40,113)	(30,503)	(3)	(3)	(33,375)	(30,506)

In addition, the Comprehensive Income and Expenditure Statement included an actuarial gain of £84,437k in 2023/24 (£397,534k actuarial gain in 2022/23). Any impact of foreign exchange rates will come through as a result of market value movements in asset holdings.

The actuary estimates that the Council will make payments of £30,231k in respect of contributions to the LBH Pension Fund during the financial year 2024/25.

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44. PENSION SCHEMES BALANCE SHEET DISCLOSURES

	LBH Pension Fund		LPFA Pension Fund		Total	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Benefit Obligation	1,230,520	1,658,268	1,893	2,312	1,232,413	1,660,580
Current Service Cost	25,985	53,975	0	0	25,985	53,975
Administration Expenses	734	933	0	0	734	933
Interest on defined liability	57,921	44,962	85	56	58,006	45,018
Contributions by Members	8,316	7,828	0	0	8,316	7,828
Remeasurement (gains) and losses:						
- Actuarial (gains)/losses arising from changes in financial assumptions	(54,686)	(569,009)	24	(400)	(54,662)	(569,409)
- Other	35,062	79,900	0	205	35,062	80,105
Past Service Cost including Curtailments	1,246	618	0	0	1,246	618
Liabilities Extinguished on Settlements	0	0	0	0	0	0
Estimated Unfunded Benefits Paid	(2,069)	(1,855)	(3)	(3)	(2,072)	(1,858)
Estimated Benefits Paid	(56,715)	(45,100)	(253)	(277)	(56,968)	(45,377)
Closing Defined Benefit Obligation	1,246,314	1,230,520	1,746	1,893	1,248,060	1,232,413

Administration costs are included within liabilities for the LBH Pension Fund and within assets for the LPFA Pension Fund as determined by the respective actuaries.

The LBH return on scheme assets is based on actual fund returns as provided by the administering authority at 11.5%

The LPFA return is based on investment returns and market returns estimated where necessary.

Pension Scheme assets comprised

	LBH Pension Fund				LPFA Pension Fund				Total	
	Quoted in Active Markets (Level 1) 23/24 £'000	Not Quoted in Active Markets (Level 2&3) 23/24 £'000	Quoted in Active Markets (Level 1) 22/23 £'000	Not Quoted in Active Markets (Level 2&3) 22/23 £'000	Quoted in Active Markets (Level 1) 23/24 £'000	Not Quoted in Active Markets (Level 2&3) 23/24 £'000	Quoted in Active Markets (Level 1) 22/23 £'000	Not Quoted in Active Markets (Level 2&3) 22/23 £'000	31 March 2024 £'000	31 March 2023 £'000
Equity Instruments										
Consumer	0	0	0	0	(84)	0	(45)	0	(84)	(45)
Manufacturing	0	0	0	0	(65)	0	(22)	0	(65)	(22)
Energy & Utilities	0	0	0	0	(6)	0	0	0	(6)	0
Financial Institutions	0	0	0	0	(44)	0	(29)	0	(44)	(29)
Health & Care	0	0	0	0	(22)	0	(13)	0	(22)	(13)
Information Technology	0	0	0	0	(94)	0	(42)	0	(94)	(42)
Other	23	0	24	0	(7)	0	(3)	0	16	21
Debt Securities										
Other	0	0	0	0	(21)	0	(3)	0	(21)	(3)
Private Equity	0	4,293	0	5,483		(43)	0	(26)	4,250	5,457
Real Estate	0	113,378	0	121,973		(58)	0	(32)	113,320	121,941
Investment Funds & Unit Trusts										
Equities	601,678	0	0	501,348	0	0	0	0	601,678	501,348
Bonds	183,546	36,676	0	222,069	0	0	0	0	220,222	222,069
Infrastructure	0	49,374	0	45,050	0	(72)	0	(42)	49,302	45,008
Other	0	69,949	0	62,447	0	0	0	0	69,949	62,447
Target Returns	0	0	0	0	(22)	(75)	(26)	(32)	(97)	(58)
Cash & Cash Equivalents	6,713	0	13,695	0	(9)	0	(6)	0	6,704	13,689
	791,960	273,670	13,719	958,370	(374)	(248)	(189)	(132)	1,065,008	971,768

LBH allocation between quoted and not-quoted investments reflects the fair value hierarchy shown in the Pension Fund Accounts.

Notes to the Main Financial Statements

Pensions Assets and Liabilities recognised in the Balance Sheet

	2023/24 £'000	2022/23 £'000	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000	2017/18 £'000
Present value of liabilities:							
LBH	(1,246,314)	(1,230,520)	(1,658,268)	(1,716,627)	(1,353,063)	(1,518,557)	(1,395,187)
LPFA	(1,746)	(1,893)	(2,312)	(2,607)	(2,711)	(3,567)	(3,783)
Fair Value of Assets:							
LBH	1,065,630	972,089	1,044,447	979,636	837,351	904,602	873,391
LPFA	-622	-321	-68	209	457	832	1,111
Deficit in the scheme:							
LBH	(180,684)	(258,431)	(613,821)	(736,991)	(515,712)	(613,955)	(521,796)
LPFA	(2,368)	(2,214)	(2,380)	(2,398)	(2,254)	(2,735)	(2,672)
Total	(183,052)	(260,645)	(616,201)	(739,389)	(517,966)	(616,690)	(524,468)

The liabilities show the underlying commitments that the Council has in the long term to pay retirement benefits. The total liability of £1,248m is offset by the scheme assets of £1,065m to give the net pension liability of £183m as disclosed on the balance sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains viable: the deficit on the LBH scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary, in addition to ongoing investment returns.

Notes to the Main Financial Statements

45. PENSION SCHEMES BASIS OF ESTIMATION

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The scheme liabilities for both LBH and LPFA have been assessed by their appointed actuary, estimates for the LBH scheme being based on the latest full valuation of the scheme as at 31 March 2022. The appointed actuary for LBH is Hymans Robertson LLP and for LPFA is Barnett Waddingham.

	LBH Pension Fund		LPFA Pension Fund	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
<u>Financial Assumptions: (% p.a.)</u>				
Pension Increase Rate	2.80%	3.00%	2.95%	2.80%
Salary Increase Rate	3.30%	3.50%	3.95%	3.80%
Discount Rate	4.80%	4.75%	4.70%	4.80%
<u>Mortality Assumptions:</u>				
Longevity at 65 for current pensioners:				
- Men	22.3	21.7	21.6	21.5
- Women	24.8	24.4	24.8	24.8
Longevity at 65 for future pensioners:				
- Men	23.0	22.4	22.9	22.9
- Women	26.1	25.6	26.3	26.2
Take-up of option to convert annual pension to tax free lump sum pre-April	55%	55%	50%	50%
Take-up of option to convert annual pension to tax free lump sum post-April	55%	55%	0%	0%

Sensitivity Analysis

The estimation of the defined benefit obligation is sensitive to principal actuarial assumptions used to measure the scheme. The sensitivity analyses below have been based on possible changes to principal assumptions occurring at the end of the reporting period and assumes all other assumptions remain constant. For example, the assumptions in longevity assume that life expectancy increases or decreases. The estimations on sensitivity analysis have followed the accounting policies of the scheme. The methods and types of estimations in sensitivity analysis have not changed from those in the previous period. Life expectancy is based on the Fund's Vita Curves with improvements in line with the Continuous Mortality Investigation (CMI) 2020 model

Changes in Assumptions as at 31 March 2024

0.1% Decrease in Real Discount Rate
 1 Year Increase in Member Life Expectancy
 0.1% Increase in the Salary Increase Rate
 0.1% Increase in the Pension Increase Rate

	LBH Pension Fund		LPFA Pension Fund	
	% Increase to Employer Liability	Increase to Employer Liability £'000	% Increase to Employer Liability	Increase to Employer Liability £'000
0.1% Decrease in Real Discount Rate	2%	21,305	1%	10
1 Year Increase in Member Life Expectancy	4%	49,853	16%	276
0.1% Increase in the Salary Increase Rate	0%	624	0%	0
0.1% Increase in the Pension Increase Rate	2%	21,061	1%	10

*The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, the estimate that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 4%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption.

Notes to the Main Financial Statements

IAS19 remeasurements of plan amendments, curtailments and settlements

On 7 February 2018, the IASB issued amendments to IAS19 on accounting for plan amendments, curtailments and settlements ('events'). As set out in IAS19 and CIPFA guidance, if the actuaries understand that where an event is considered 'significant', the profit and loss account should be remeasured at the date of the event. Where the event is not deemed to be significant, the actuary has not remeasured the profit and loss account in this year's disclosures. In the absence of any instruction or statutory guidance, the actuary has measured significance based on 5% of active membership being affected by any event. If an alternative measure of significance were to apply, changes may be required to our calculations and disclosures, however the closing balance sheet position would remain unchanged. Analysis by the actuary shows there were no significant events for 2023/24.

Scheme and Impact on the Authorities cash flows

The LBH Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of the Council. Policy is determined in accordance with the Pension Fund Regulations. The principal risks to the Council in relation to the scheme are the sensitivity of contribution rates to changes in assumptions, investment risk and regulatory risk. These risks are mitigated to an extent by the statutory requirements to charge amounts required by statute as described in the accounting policies note.

The objectives of the LBH LGPS Pension fund are to keep employer's contributions at a rate, which is as constant as possible. The Council's Pension Fund undergoes a triennial valuation to set the contribution rates of all the employers in the scheme to give a greater than 50% chance of achieving a funding level of 100% within the next 20 years. The current contribution rate was set over the last triennial valuation period ending March 2022 to cover contribution rates of the Council for three years from April 2023. Contributions are set for three years to minimise disruption in cash flow impacts of the Council.

The weighted average duration of the defined benefit obligation for Council scheme members is 16 years as established in the triennial valuation dated 31 March 2022.

Further information about the LBH pension Fund can be seen in the Pension Fund accounts and in the Pension Fund annual report.

Other Financial Statements

Housing Revenue Account (HRA) (page 97)

There is a statutory duty to account separately for local authority housing provision. The HRA Income and Expenditure Statement shows further detail of the Income and Expenditure on HRA services included in the whole Council Comprehensive Income and Expenditure Statement. It includes the major elements of Council housing revenue expenditure on maintenance, administration and capital financing costs and major income sources such as rents and other income.

The Collection Fund Account (page 101)

This account reflects the statutory requirement to maintain a separate Collection Fund which shows the transactions of the billing authority in relation to non-domestic rates and council tax, and illustrates the way in which these have been distributed to preceptors and the general fund. The Collection fund is consolidated with the other accounts of the Council.

The Pension Fund Account (page 105)

This fund is not included within the Council's Balance Sheet but is maintained separately. The Council acts as the administrator for the London Borough of Hillingdon Fund of the Local Government Pension Scheme.

DRAFT

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 other income. Councils 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 on the Housing Revenue Account Statement.

	Note	31 March 2024 £'000	31 March 2023 £'000
Expenditure			
Repairs and maintenance		12,752	11,949
Supervision and management		22,407	22,703
Rents, rates, taxes & other charges		308	281
Increase in provision for bad debts		958	1,087
Depreciation of non current assets	3	13,675	12,772
Impairment or Reversal of previous impairment / revaluation loss		19,962	32,325
		70,062	81,117
Income			
Gross dwelling rents		(66,183)	(61,575)
Gross non dwelling rents		(2,263)	(1,836)
Charges for services and facilities		(6,103)	(3,929)
Contributions towards expenditure		(7,961)	(622)
		(82,509)	(67,962)
Net Cost of HRA Services as included in the HRA Income and Expenditure Statement			
HRA Services share of Corporate and Democratic Core		827	819
		(11,620)	13,974
Net Cost of HRA services			
(Gain) on sale of HRA non current assets		(6,734)	(6,943)
Interest payable and similar charges		6,216	6,571
Interest & Investment Income		(1,067)	(638)
Capital Grant Income		(4,421)	(22,327)
		(17,625)	(9,363)

Movement on the Housing Revenue Account Statement

The Movement on Housing Revenue Account Statement shows how the HRA Income and Expenditure Statement (surplus) / deficit for the year reconciles to the movement on the Housing Revenue Account Balance for the year.

	Note	31 March 2024 £'000	31 March 2023 £'000
HRA Balance 31 March		(15,186)	(15,351)
(Surplus)/Deficit for the year on HRA services		(17,625)	(9,363)
Adjustments between accounting basis & funding basis under regulations			
Gain/(Loss) on sale of HRA non current assets		6,734	6,943
HRA share of contributions to or from the Pension Reserve		(459)	(2,649)
Revaluation of Non Current Assets		(19,962)	(32,325)
Annual Leave Accrual Adjustment		(10)	48
Revenue Expenditure funded by Capital Under Statute		(23)	(19)
Provision for repayment of debt		10,011	9,896
Capital Grant Income		4,421	22,327
Net Increase before transfer to reserves		(16,913)	(5,142)
Transfer to Major Repairs Reserve		10,187	5,307
Transfer to Earmarked Reserve		6,811	0
(Increase)/Decrease in year on HRA		85	165
HRA Balance at 31 March		(15,101)	(15,186)
HRA Earmarked Reserve		(6,811)	
Major Repairs Reserves	7	(3,187)	(2,054)
Total HRA Balances		(25,099)	(17,240)

Notes to the Housing Revenue Account

1. HOUSING STOCK

The Council was responsible at 31 March 2024 for managing dwellings (including shared ownership). The stock was as follows:

	Total Properties 31 March 2024	Total Properties 31 March 2023
1 Bed Properties	3,733	3,763
2 Bed Properties	3,439	3,467
3 Bed Properties	2,770	2,770
4 Bed plus Properties	286	279
Total	10,228	10,279

2. VALUE OF HRA ASSETS

	Net Book Value 31 March 2024 £'000	Net Book Value 31 March 2023 £'000
Council Dwellings	863,762	856,238
Other Land & Buildings	1,634	1,642
Vehicle, Plant & Equipment	3,050	3,447
Surplus Assets	13,700	8,225
Intangible Asset	52	69
Assets Held For Sale	0	0
Assets Under Construction	27,642	10,980
Total	909,840	880,601

The vacant possession value of dwellings within the Council's HRA as at 31 March 2024 was £3,443m; this differs from the balance sheet value of £864m, which is based on the economic use value of social housing. The difference of £2,579m between these two figures shows the economic cost of providing housing at social rents over 30 year cycle compared to open market rents.

3. DEPRECIATION

Depreciation charged in year to the HRA

	Depreciation 31 March 2024 £'000	Depreciation 31 March 2023 £'000
Council Dwellings	12,997	12,056
Other Land & Buildings	28	33
Intangibles	17	17
Surplus Assets	10	8
Vehicle, Plant & Equipment	623	658
Total	13,675	12,772

Notes to the Housing Revenue Account

4. CAPITAL EXPENDITURE

HRA Capital Expenditure during 2023/24 totalled £61,464k. This was financed by:

	31 March 2024	31 March 2023
	£'000	£'000
Capital Receipts	6,466	6,628
Capital Grants & Contributions	4,421	22,328
Borrowing	27,848	10,668
Major Repairs Reserve	22,729	23,140
	61,464	62,764

Capital receipts from the sale of HRA RTB properties during 2023/24 totalled £9,872k (including Section 42 lease premiums and repayments of discounts), net of admin fees of £140k. These funds have been fully retained by the Council.

5. RENT ARREARS

At 31 March 2023 the gross HRA rent arrears amounted to £4,607k (£3,879k in 2022/23).

6. IMPAIRMENTS

The impairments balance on all HRA debts as at 31 March 2024 was £3,563k (£2,984k in 2022/23). In year, there was an increase in the HRA impairment balance of £1,043k and impairments of £465k were released.

7. MAJOR REPAIRS RESERVE

HRA resource accounting requires the maintenance of a Major Repairs Reserve (MRR) and holds depreciation charged to the HRA and revenue contribution to capital expenditure of HRA. The movements on this reserve are shown below.

	31 March 2024	31 March 2023
	£'000	£'000
Balance as at 1 April	2,054	7,115
Depreciation transferred to Reserve	13,675	12,772
Transfer to MRR	10,187	5,307
Capital programme funding	(22,729)	(23,140)
	3,187	2,054

The funds of £3,187k held in this reserve will be used to finance future capital expenditure on dwellings.

8. CONTRIBUTIONS TO PENSION RESERVE

The cost of employer's pension contributions in the HRA Income and Expenditure is reported in-line with IAS 19, which requires the current service cost, rather than the actual employer's contribution, be recognised. The HRA increase for 2023/24 was £459k.

9. EARMARKED RESERVE

A new earmarked reserve of £6,811k has been created in 2023/24 to support financing of future HRA affordable housing developments.

Collection Fund Account

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

Council Tax	Note	31 March 2024	31 March 2023
		£'000	£'000
Council Tax Income		(181,935)	(169,494)
Contribution towards previous years' estimated Council Tax (Surplus)/Deficit	1	(7,001)	(4,329)
Write-offs Uncollectable Council Tax Debt		(166)	(1)
Write-back Uncollectable Council Tax Debt		0	0
Provision for Doubtful Council Tax Debts		1,171	1,294
London Borough of Hillingdon Council Tax Precept	1	137,440	131,179
Greater London Authority Council Tax Precept	1	44,988	41,078
Council Tax (Surplus)/Deficit for the Year		(5,503)	(273)
Opening Council Tax (Surplus)/Deficit Balance		3,234	3,507
Council Tax (Surplus)/Deficit for the Year		(5,503)	(273)
Brought Forward Council Tax (Surplus) / Deficit Balance		(2,269)	3,234

National Non-Domestic Rates (NNDR) & Business Rate Supplement (BRS)	Note	31 March 2024	31 March 2023
		£'000	£'000
National Non-Domestic Rates Income		(366,478)	(352,725)
Business Rate Supplement Income		(12,841)	(13,181)
Contribution towards previous years' estimated NNDR (Surplus)/Deficit		14,704	(42,622)
Write-offs Uncollectable NNDR Debt		367	313
Write-back Uncollectable NNDR Debt		(933)	(1)
Provision for Doubtful NNDR Debts		(420)	1,692
Provision/(Release of Provision) for Backdated Appeal Losses	3	2,416	(2,256)
London Borough of Hillingdon Share NNDR Income	2	104,493	102,997
Greater London Authority Share NNDR Income	2	128,874	127,029
Central Government Share NNDR Income	2	114,942	113,296
Transitional Payment Protection Receivable		(9,145)	(154)
Payment to Greater London Authority in respect of BRS Income		12,830	13,171
NNDR Cost of Collection Allowance		558	567
BRS Cost of Collection Allowance		11	10
NNDR (Surplus)/Deficit for the Year		(10,622)	(51,864)
Opening NNDR (Surplus)/Deficit Balance		(12,619)	39,245
NNDR (Surplus)/Deficit for the Year		(10,622)	(51,864)
Brought Forward NNDR (Surplus)/Deficit Balance		(23,241)	(12,619)

Notes to the Collection Fund Account

1. Calculation of the Council Tax Base and 2023/24 Council Tax Revenues

The Council Tax Base is based upon the number of dwellings within the borough, analysed by valuation band and adjusted for reductions in expected tax yield arising from discounts, exemptions and the Council Tax Support Scheme. The Council Tax Base is set annually in advance of budget setting, with the 2023/24 base agreed by full Council on 12 January 2023.

Band	Estimated No. of Properties	Discounts & Exemptions	Council Tax Support Scheme	Net Estimated No. of Properties	Band D Equivalent Ratio	Band D Equivalent 2023/24	Band D Equivalent 2022/23
A	1,750	(220)	(232)	1,298	6/9	866	570
B	6,594	(1,214)	(1,189)	4,191	7/9	3,260	3,251
C	28,057	(3,525)	(3,748)	20,784	8/9	18,475	18,083
D	47,801	(3,750)	(4,255)	39,796	9/9	39,798	40,040
E	19,089	(1,563)	(853)	16,673	11/9	20,378	20,503
F	10,169	(905)	(184)	9,080	13/9	13,116	13,160
G	5,342	(713)	(44)	4,585	15/9	7,642	7,650
H	487	(37)	(5)	445	18/9	891	866
Total	119,289	(11,927)	(10,510)	96,852		104,425	104,123
					Adjustment for Non-collection	(1,566)	(1,049)
					Ministry of Defence Contribution	766	766
					Council Tax Base	103,625	103,840
					London Borough of Hillingdon Band D Council Tax (£)	1,326.32	1,263.28
					Greater London Authority Band D Council Tax (£)	434.14	395.59
					Total Band D Council Tax (£)	1,760.46	1,658.87
					Demand on Collection Fund (£'000)	182,427	172,257

Notes to the Collection Fund Account

Annual precepts levied upon the Collection Fund Account in respect of Council Tax by the Council and Greater London Authority are derived from the Council Tax Base and the Band D Council Tax charge approved for the financial year. The following table analyses all Council Tax activity within the Collection Fund between the major preceptors, with the Council's own activity reflected in the main statement of accounts.

	Balance 31 March 2023	2023/24 Precept	Release of Prior Year Estimated Surplus	2023/24 Council Tax Revenues	2023/24 Deficit	Balance 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000
London Borough of Hillingdon	2,548	137,440	(5,354)	(136,321)	(4,236)	(1,687)
Greater London Authority	685	44,988	(1,647)	(44,608)	(1,267)	(582)
Total	3,234	182,428	(7,001)	(180,930)	(5,503)	(2,269)

Notes to the Collection Fund Account

2. National Non-Domestic Rating Income & Business Rate Retention System

National Non-Domestic Rates are levied on the basis of the Valuation Office Agency's assessment of the Rateable Value of a non-domestic property. As at 31 March 2024 the aggregate Rateable Value across the 8,925 hereditaments within the borough totalled £850,811k, with rates payable determined by the National Non-Domestic multiplier which is set annual by Central Government. For 2023/24 the standard multiplier was frozen at 51.2p in the pound and for small businesses 49.9p in the pound.

The Business Rate Retention System requires that locally raised income is shared between the Council (30%), the Greater London Authority (37%) and Central Government (33%). The Council's own share of these revenues are reflected in the main statement of accounts.

	Balance 31 March 2023	2023/24 Budgeted Share of Income	Release of Prior Year Estimated Surplus	2023/24 Non- Domestic Rates Revenues	2023/24 Surplus	Balance 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000
London Borough of Hillingdon	(3,784)	104,493	4,411	(112,091)	(3,187)	(6,971)
Greater London Authority	(4,670)	128,874	5,440	(138,244)	(3,930)	(8,600)
Central Government	(4,165)	114,942	4,852	(123,299)	(3,505)	(7,670)
Total	(12,619)	348,309	14,703	(373,634)	(10,622)	(23,241)

3. Provision for losses on Non-Domestic Rating Income due to back-dated appeals

Non-Domestic Ratepayers are able to challenge the Valuation Office Agency's assessment of the Rateable Value for their property, which if successful will result in a reduction in future payments and in some cases a refund of previously levied rates. 184 such appeals relating to 160 separate hereditaments were outstanding with the Valuation Office Agency as at the 31 March 2024. Given the inherent uncertainty around the financial impact of such appeals, a provision of £2,921k has been established on the basis of past experience. This represents an increase of £2,415k on the previously held provision. Since 2023/24 is the first year that the Valuation Office Agency 2023 Rateable Value list applies, and check and challenge cases for 2017 Rateable Value list have been re-asserted as live.

Pension Fund Account

PENSION FUND ACCOUNT

	Note	31 March 2024 £'000	31 March 2023 £'000
Contributions	4	58,148	53,386
Transfers In from other pension funds	5	51,642	4,542
		109,790	57,928
Less: Benefits	6	(60,556)	(51,409)
Less: Payments to and on account of leavers	7	(8,906)	(5,552)
		(69,462)	(56,961)
Net additions/(withdrawals) from dealings with members		40,328	967
Less: Management expenses	8	(13,288)	(13,844)
Net additions/(withdrawals) including fund management expenses		27,040	(12,877)
Return on investments			
Investment income	9	16,225	15,752
Profit and losses on disposal of investments and changes in market value of investments	10A	129,064	(83,450)
Taxes On Income		(29)	(28)
Net return on investments		145,260	(67,726)
Net Increase/(Decrease) in the fund		172,300	(80,603)
Net Assets at start of year		1,185,512	1,266,115
Net Assets at end of year		1,357,812	1,185,512

	Note	31 March 2024 £'000	31 March 2023 £'000
Investment Assets	10	1,357,272	1,183,082
Investment Liabilities	10	0	0
Total net investments		1,357,272	1,183,082
Current Assets	11	994	3,180
Current Liabilities	12	(454)	(750)
Net assets of the fund available to fund benefits at the end of the reporting period		1,357,812	1,185,512

The Pension Fund Accounts summarise the transactions of the scheme and show the net assets at the disposal of members. They do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at note 18.

Andy Evans
Corporate Director of Finance
 28 June 2024

Pension Fund Account

1. DESCRIPTION OF THE FUND

a. General

The London Borough of Hillingdon Pension Fund ("the Fund") is part of the Local Government Pension Scheme (LGPS) and is administered by the London Borough of Hillingdon ("the administering body"). The Council is the reporting entity for this pension fund. The Fund is a contributory defined benefits scheme established in accordance with statute to provide benefits to members and retired members of the London Borough of Hillingdon and Admitted and Scheduled bodies in the Fund. Benefits in respect of service from 1 April 2014 are based on career average revalued earnings (CARE) scheme. Benefits in respect of past service up to 31 March 2014 are based on final salary. Pensions move in line with the Consumer Price Index (CPI) annually. Benefits paid out include a pension payable to former members and their dependants, lump sum retirement benefits, payment of death benefits where death occurs in service or retirement, and yearly payment of benefits on medical grounds.

The Fund is governed by the Public Service Pensions Act 2013 and administered in accordance with the following secondary legislation:

- Local Government Pension Scheme Regulations 2013 (as amended)
- Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

b. Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside of the scheme. Due to government legislation, since 1 February 2013 all new employees who are not in the scheme are automatically enrolled. Members have the option to opt out of the scheme. Employees who have opted out are then re-enrolled every 3 years, when they can again opt out.

Organisations participating in the London Borough of Hillingdon Pension Fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the Fund.
- Admitted bodies, which participate in the Fund under the terms of an admission agreement between the Fund and the employer. Admitted bodies include voluntary, charitable, and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Employers who contribute to the Fund in addition to London Borough of Hillingdon are:

Admitted Bodies:

Culinera– Uxbridge High school

CCS Homecare Service

Caterlink - Frays Academy

Cucina – Bishopshalt

East & North Herts NHS Trust

Ecoserve

Energy Kidz Ltd

Greenwich Leisure

Cleantec - Harlington School Cleaners

Notes to the Pension Fund Account

Hayward Services

- Guru Nanak School
- Ryefield School

Heathrow Travel Care

Herts Catering Limited

Hillingdon & Ealing Citizens Advice

Hillingdon Care Contract

HPS Services FM Limited

Pabulum - West Drayton Academy

PSD Childcare Limited

Service Master – Belmore Academy

Tenon FM

Scheduled Bodies:

Barnhill Academy

Belmore Academy

Bishop Ramsey Academy

Bishopshalt Academy

Charville Academy

Douay Martyrs Academy

Eden Academy Trust

- Moorcroft School
- Pentland Field School
- Grangewood School
- Sunshine House School

Elliot Foundation Trust

- Hillingdon Primary School
- John Locke Academy
- Pinkwell School

Guru Nanak Academy Trust

- Nanak Sar Primary School
- Guru Nanak Sikh Academy

Global Academy

Harefield Academy

Notes to the Pension Fund Account

Richmond, Harrow & Uxbridge College

Haydon Academy

UTC Heathrow

LBDS Frays Academy Trust

- Cowley St. Lawrence Academy
- Laurel Lane Academy
- St. Matthews Primary School
- St. Martins Primary School

London Housing Consortium

Orchard Hill College Academy Trust

- Pride Academy
- Skills HUB

Park Federation Trust

- Park Academy West London
- Lake Farm Park Federation

QED Academy Trust

- Wood End Academy
- West Drayton Academy
- Coteford Junior Academy
- Queensmead Academy
- Northwood Academy

Rosedale Hewens Academy Trust

- Rosedale College
- Brookside Primary School

Swakeleys Academy

VLT

- Field End Junior School
- Hermitage Primary School
- Ruislip Academy
- Ryefield Academy
- Vyners Academy

Uxbridge Academy

William Byrd School

Willows Academy

Notes to the Pension Fund Account

London Borough of Hillingdon Pension Fund	31 March 2024	31 March 2023
Number of employers with active members	66	70
Number of employees in scheme		
London Borough of Hillingdon	5,647	6,569
Other employers	3,540	3,702
Total	9,187	10,271
Number of Pensioners		
London Borough of Hillingdon	7,048	6,970
Other employers	1,341	887
Total	8,389	7,857
Deferred Pensioners		
London Borough of Hillingdon	9,738	8,780
Other employers	4,628	3,472
Total	14,366	12,252

c. Funding

The Fund is financed by contributions from the employers, Pension Fund members and by income from the Fund's investments. The Pension Fund accounts do not take account of liabilities to pay pensions and other benefits in the future. The contributions from the London Borough of Hillingdon and other participating employers are set through the triennial actuarial valuation at a rate sufficient to meet the long-term liabilities of the Fund.

Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employers also pay contributions into the Fund based on triennial funding valuations. The last such valuation was as of 31 March 2022 - this covers the three financial years following 2022/23 (2023/24, 2024/2025 & 2025/26). Currently employer contribution rates range from 18.9% to 42.3% of pensionable pay, as per the 2022 valuation.

d. Investments

The Pension Fund investments are managed externally by fund managers: Adams Street Partners, AEW UK, Legal & General Investment Management, LGT Capital Partners, London CIV, Macquarie Investments, Permira LLP, UBS Global Asset Management and Blackstone Investments. In addition, there is one direct investment into pooled funds with M&G Investments.

e. Governance

The Fund is overseen by the Pensions Committee (comprised of Councillors) and the Pensions Board (comprised of an even number of employer and member representatives). The performance of the fund managers is monitored by the Pensions Committee (Four meetings in 2023-24) and governance is overseen by the Pensions Board (Three meetings in 2023-24). Pensions Committee and Pensions Board consisted of the following members in 2023/24:

Pensions Committee

Cllr Stuart Mathers (Chairman)

Cllr Tony Burles (Vice-Chairman)

Cllr Mohammed Shofiul Islam

Cllr Kaushik Banerjee

Cllr John Riley

Pensions Board

Roger Hackett (Scheme Member Representative) Shane Woodhatch (Employer Representative)

Tony Noakes (Scheme Member Representative) Marie Stokes (Employer Representative)

Anna Beattie (Employer Representative) from 08 November 2023

Notes to the Pension Fund Account

2. BASIS OF PREPARATION

The accounts have been compiled in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which is based on International Financial Reporting Standards (IFRS) as amended for the public sector and underpinned by the Local Government Pension Scheme Regulations. The accounts have been prepared on an accrual basis, except for transfer values, which are accounted for on a cash basis, and summarise the Fund transactions and report on the net assets available to pay pension benefits as of 31 March 2024.

The accounts do not take into account obligations to pay benefits and pensions that fall due after the reporting date (31 March 2024). The Pension Fund Accounts have been prepared on a going concern basis.

3. ACCOUNTING POLICIES

a. Valuation of assets

- Market quoted investments: Equities are valued at bid market prices available on the final day of the accounting period.

- Fixed income securities including short-term instruments are priced based on evaluated prices provided by independent pricing services.

- For pooled funds, if bid prices are provided by the Fund administrators, then these are used, otherwise the Net Asset Value (NAV) is used. The NAV for pooled funds is derived by subtracting the fund's liabilities from assets and divide the result by total units/shares within the pooled fund.

- Private Equity is valued using the latest audited valuation from the Limited Partner/General Partner. This is adjusted for any capital calls/distributions that have taken place since the date of the statement. Unquoted investments for Private Placements and Infrastructure are priced using discounted cash flow methodology.

b. Foreign currency translation of assets and liabilities and forward foreign exchange contracts are converted into sterling at the closing middle rates of exchange in the Net Assets Statement. Overseas income is converted at rates of exchange ruling when remitted.

c. Acquisition costs of investments occur as brokerage commission when investments are purchased. They are recorded in the cost figure on an accrual basis.

d. Investment management expenses are recorded at cost when the fund managers/custodian invoice the fund on a quarterly basis or provide a fee schedule deducted at source. Expenses are recorded on an accrual basis. Where an investment manager's complete fee schedule has not been received by year end, an estimate based on the previous quarter's amount is included in the accounts. In 2023/24, no such fees are based on estimates (2022/23: No such Fees were based on estimates). The fund also agreed with the following fund managers that their fees include elements of performance, Adams Street Partners, AEW UK, Macquarie Infrastructure Partners, Permira LLP, London CIV and Blackstone Investments.

e. Administration expenses are paid when invoiced by third party providers through the administering authority's payment system and recharged to the Pension Fund.

f. Interest on property developments - property is held in unit trusts for the Pension Fund, the return received is calculated in accordance with the unit price at the Net Assets Statement date.

g. Contribution Income

Normal contributions are accounted for on accrual basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes, that rise according to pensionable pay.
- Employer contributions are set at a percentage rate recommended by the fund actuary for the period which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the fund actuary in the rates and adjustment certificate issued to the relevant body.

Additional employers' contributions in respect of ill-health are accounted for as part of the tri-ennial valuation exercise and employers' contribution rates adjusted accordingly for relevant employers. Early retirement strain costs are accounted for on accrual basis.

Notes to the Pension Fund Account

- h. Benefits are accounted for in the period in which they fall due. All benefits are calculated in accordance with the statutory regulations in force at the relevant benefit date.
- i. Transfers are accounted for on a cash basis, as the amount payable or receivable by the scheme is not determined until payment is made and accepted by the recipient. Group transfers are accounted for under the agreement upon which they are made.
- j. Cash and cash equivalents are held in the custody accounts by fund managers as agreed in the individual Investment Management Agreements (IMA). Cash held is at the discretion of the manager but must not exceed the stipulated permitted range in the IMA.
- k. Investment Income - dividends from quoted securities are accrued when the securities are quoted ex-dividend. Interest on cash deposits is accrued on daily basis.

Critical Judgements and Uncertainties

- l. Unquoted Alternative Investments - Fair values of alternative investments are highly subjective in nature. They are inherently based on forward-looking estimates and judgements involving many factors. Unquoted alternative investments are valued by investment managers using methods such as IFRS fair value principles, discounted cash flow method and guidelines set out by the International Private Equity and Venture Capital Association (IPEV), of which the British Venture Capital Association is a founding member. The value of alternative investments as of 31 March 2024 was £244,700k (£245,448K on 31 March 2023).
- m. Assumptions made about the future and other major sources of estimation uncertainty - The Pension Fund accounts contains estimated figures that are based on assumptions made by the Fund about the future or events 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.

Notes to the Pension Fund Account

Items where there is a significant risk of material movements in value in the financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Private equity	Private equity investments are valued at fair value in accordance with British Venture Capital Association guidelines or commensurate overseas equivalent. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. The fair value principles employed to value the underlying investments and the valuation policy remains unchanged. Both managers continue to use the latest valuation available from underlying investment managers, adjusting for any known cash flows and take into account any known and measurable impact. It is important to note that given the evolving situation and the quarterly cycle of private equity valuations, additional data needs to be accessible before a more accurate estimate can be made with regard to potential effects of market events on net asset values.	The total private equity investments in the financial statements are £5,446k. There is a risk that this investment may be under or overstated in the accounts.
Item	Uncertainties	Effect if actual results differ from assumptions
Infrastructure - Macquarie Infrastructure Real Assets and LCIV Stepstone	Infrastructure Valuation represents the fair value of investments held at 31 March 2022. The valuations have been completed by MIRA (Macquarie Infrastructure Real Assets) in accordance with ASC 820-10 (Fair Value Measurements), under which the fair value is determined to be the price that would be received upon sale of the investments in an orderly transaction between market participants. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total infrastructure alternative investments in the financial statements are £63,548k. There is a risk that this investment may be under or overstated in the accounts. There are no openly traded market prices available for this asset category.
Item	Uncertainties	Effect if actual results differ from assumptions
Private Finance - M&G	Private Finance investments are valued at par as they are mostly floating rate notes tied to LIBOR. Final valuation is undertaken by the analysts employed by the fund manager as they are not traded on the open market.	The total private finance investments in the financial statements are £488k. There is a risk that this investment may be under or overstated in the accounts. There are no openly traded market prices available for this asset category.

Notes to the Pension Fund Account

Item	Uncertainties	Effect if actual results differ from assumptions
Direct Lending - Permira Credit Solutions & LCIV Private Debt	Private Debt Investments are valued on a quarterly basis and in accordance with International Private Equity and Venture Capital valuation guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total Private Debt investments in the financial statements are £69,221k. There is a risk that this investment may be under or overstated in the accounts. There are no openly traded market prices available for this asset category.
Item	Uncertainties	Effect if actual results differ from assumptions
Pooled Property - AEW UK & UBS Property	Pooled property assets are valued independently for the respective managers with a lot of subjective and unobservable inputs that may be affected by prevalent socio-economic issues. The underlying assets do not have the luxury of an open market transactional data like Equities and does result in valuation varying by wide degrees.	The total Pooled property investments in the financial statement is £105,997k. There is a risk the investments may be over or under stated in the accounts. These asset class of investments are not openly traded and a lot of unobservable inputs are utilised in the valuation of the assets. These unobservable valuation assumptions may have a profound effect on the actual pricing at year end thus skew shown valuation the fund accounts.
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 rates at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of actuaries, Hymans Robertson, are engaged to provide the fund with expert advice about the assumptions to be applied. The IAS19 balance sheet is based on financial market values and future market expectation indicators as at 31 March 2024 to comply with the accounting standard.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in pension liability. An increase in assumed earnings would increase the value of liabilities and an increase in assumed life expectancy would increase the liability. This would not effect the Fund Account or Net Asset Statement, but would impact the Council Accounts. Below are the details of the sensitivity analysis to the method of assumptions used for year ended 31 March 2024 by the fund's actuaries.

Notes to the Pension Fund Account

Sensitivity to Unquoted Alternative Assets valuation and Pricing: Information on sensitivities of the valuation and pricing methodologies of these asset classes are disclosed in notes 14 and 16.

Sensitivity Analysis

Sensitivity to the assumptions for the year ended 31 March 2024	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.1% p.a increase in the Discount Rate	2%	21
1 year increase in member life expectancy	4%	50
0.1% p.a. increase in the Salary Increase Rate	0%	1
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	21

The principal demographic assumption is the longevity assumption. For sensitivity purposes, it is estimated that a 1-year increase in life expectancy would approximately increase the liabilities of the Pension Fund by around 3-5%.

4. CONTRIBUTIONS

By category	31 March 2024 £'000	31 March 2023 £'000
Employees	12,506	12,262
Employers Contributions:		
Normal	38,867	34,920
Deficit Funding	6,775	6,204
	58,148	53,386

Deficit Funding: At the actuarial valuation on 31 March 2022 the Fund was 88% funded, with the remaining 12% deficit to be recovered over a period of 20 years.

By authority	31 March 2024 £'000	31 March 2023 £'000
LB Hillingdon	39,847	37,628
Scheduled Bodies	17,874	15,222
Admitted Bodies	427	536
	58,148	53,386

Notes to the Pension Fund Account

5. TRANSFERS IN

	31 March 2024 £'000	31 March 2023 £'000
Individual transfers in from other schemes	6,401	4,542
Bulk Transfers In*	45,241	0
	51,642	4,542

*Refer to Note 21 for details on Bulk Transfer In.

6. BENEFITS

By category	31 March 2024 £'000	31 March 2023 £'000
Pensions	(49,125)	(42,970)
Commutations and Lump Sum Retirement Benefits	(10,191)	(7,234)
Lump Sum Death Benefits	(1,240)	(1,205)
	(60,556)	(51,409)

By authority	31 March 2024 £'000	31 March 2023 £'000
LB Hillingdon	(54,265)	(46,184)
Scheduled Bodies	(5,499)	(4,802)
Admitted Bodies	(792)	(423)
	(60,556)	(51,409)

7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	31 March 2024 £'000	31 March 2023 £'000
Refunds to members leaving service	(172)	(205)
Individual transfers out to other schemes	(8,734)	(5,347)
	(8,906)	(5,552)

8. MANAGEMENT EXPENSES

The administering authority incurred costs in managing the Fund for the period ending 31 March 2024 as follows:

	31 March 2024 £'000	31 March 2023 £'000
Administrative Costs	(1,166)	(1,104)
Investment Management Expenses	(11,610)	(12,448)
Oversight and Governance	(512)	(292)
	(13,288)	(13,844)

Notes to the Pension Fund Account

8A. INVESTMENT MANAGEMENT EXPENSES BREAKDOWN

2023/2024	£'000	£'000	£'000	£'000
	Total	Management Expenses	Performance Fees	Transaction Costs
Equities	0	0	0	0
Pooled Investments	(6,935)	(3,578)	(1,671)	(1,686)
Pooled Property Investments	(4,549)	(3,126)	(42)	(1,381)
Private Equity	(80)	(83)	34	(31)
	(11,564)	(6,787)	(1,679)	(3,098)
Custody Fees/Investment Advice	(46)			
Total	(11,610)			

2022/2023	£'000	£'000	£'000	£'000
	Total	Management Expenses	Performance Fees	Transaction Costs
Equities	0	0	0	0
Pooled Investments	(7,399)	(3,740)	(2,260)	(1,399)
Pooled Property Investments	(4,904)	(3,332)	(42)	(1,530)
Private Equity	(59)	(86)	35	(8)
	(12,362)	(7,158)	(2,267)	(2,937)
Custody Fees/Investment Advice	(86)			
Total	(12,448)			

8B. EXTERNAL AUDIT COSTS

	31 March 2024 £'000	31 March 2023 £'000
Payable in Respect of External Audit	(103)	(49)
	(103)	(49)

External Audit costs are included in Oversight and Governance within Management Expenses

Notes to the Pension Fund Account

9. INVESTMENT INCOME

	31 March 2024 £'000	31 March 2023 £'000
Income from Equities	0	70
Pooled Property Investments	6,152	3,071
Pooled Investments- Unit trusts and other managed funds	9,222	12,299
Interest on cash deposits	851	172
Other (for example from stock lending or underwriting)	0	140
	16,225	15,752

10. INVESTMENTS

	31 March 2024 £'000	31 March 2023 £'000
Investment Assets		
Equities	29	29
Pooled investments	1,152,774	965,621
Pooled property investments	190,438	194,436
Private equity	5,446	6,346
Other Investment balances		
Cash deposits	8,316	16,510
Investment income due	269	140
Total investment assets	1,357,272	1,183,082
Net investment assets	1,357,272	1,183,082

Notes to the Pension Fund Account

10A. RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

2023/24	Value 1 April 2023 £'000	Purchases at cost £'000	Sales proceeds £'000	Profits and losses on disposal of investments and Changes in market value of investments £'000	Value 31 March 2024 £'000
Equities	29	0	0	0	29
Pooled Investments	965,621	40,068	(21,164)	168,249	1,152,774
Pooled Property Investments	194,436	1,592	(1,133)	(4,457)	190,438
Private Equity	6,346	46	(1,108)	162	5,446
	1,166,432	41,706	(23,405)	163,954	1,348,687
Other investment balances					
Cash Deposits	16,510				8,316
Investment Income Due	140				269
Total Investment Assets	1,183,082			163,954	1,357,272
2022/23	Value 1 April 2022 £'000	Purchases at cost £'000	Sales proceeds £'000	Profits and losses on disposal of investments and Changes in market value of investments £'000	Value 31 March 2023 £'000
Equities	29	0	0	0	29
Pooled Investments	1,011,872	170,302	(159,358)	(57,195)	962,935
Pooled Property Investments	231,826	1,364	(1,808)	(36,946)	194,436
Private Equity	8,545	76	(1,804)	(471)	6,346
	1,252,272	171,742	(162,970)	(94,612)	1,166,432
Other investment balances					
Cash Deposits	11,821				16,510
Investment Income Due	107				140
Adjustments to Market Value Changes	0			11,162	0
Total Investment Assets	1,264,200			(83,450)	1,183,082

Notes to the Pension Fund Account

10B. ANALYSIS OF INVESTMENTS

	31 March 2024 £'000	31 March 2023 £'000
Equities		
UK		
Quoted	29	29
	29	29
Pooled funds - additional analysis		
Fixed income unit trust	229,796	222,601
Diversified Growth Funds	63,800	47,406
Infrastructure Funds	63,548	57,524
Global Equity	725,899	562,183
Limited liability partnerships	69,731	75,907
	1,152,774	965,621
Other Investments		
Pooled property Investments	190,438	194,436
Private equity	5,446	6,346
	195,884	200,782
Cash deposits	8,316	16,510
Investment income due	269	140
	8,585	16,650
Total investment assets	1,357,272	1,183,082
Net investment assets	1,357,272	1,183,082

10C. INVESTMENTS ANALYSED BY FUND MANAGER

Fund Manager	Market Value 31 March 2024 £'000	%	Market Value 31 March 2023 £'000	%
Investments Managed by London CIV Pool				
Legal & General Investment Management	816,668	60	667,751	57
London CIV Asset Pool	334,630	25	300,566	25
	1,151,298	85	968,317	82
Investments Managed Outside of London CIV				
Adams Street Partners	3,735	0	4,282	1
AEW UK	72,517	5	71,848	6
Blackstone Investments	19,241	1	0	0
LGT Capital Partners	1,711	0	2,064	0
M&G Investments	488	0	682	0
Macquarie Infrastructure	13,832	1	16,901	1
Permira Credit Solutions	14,532	1	27,042	2
UBS Global Asset Management (Equities)	56	0	97	0
UBS Global Asset Management (Property)	74,891	6	77,772	7
Other*	4,971	0	14,077	1
	205,974	15	214,765	18
Total	1,357,272	100	1,183,082	100

* Other includes pending trades, accrued income and cash held in custody accounts, independent of fund managers not mandated to hold cash.

* No single holding within an investment represents more than 5% of total assets

Notes to the Pension Fund Account

10D. STOCK LENDING

The Fund's investment strategy sets the parameters for the Fund's stock-lending programme. At the year-end, the value of quoted equities on loan was £29k (31 March 2023: £29k). These equities continue to be recognised in the Fund's financial statements.

Counterparty risk is managed through holding collateral at the Fund's custodian bank. At the year-end the Fund held collateral (via the custodian) at fair value of £31k (31 March 2023: £31k) representing 106% of stock lent. Collateral consists of acceptable securities and government debt.

Stock-lending commissions are remitted to the Fund via the custodian. During the period the stock is on loan, the voting rights of the loaned stock pass to the borrower. There are no liabilities associated with the loaned assets.

11. CURRENT ASSETS

	31 March 2024 £'000	31 March 2023 £'000
Debtors		
Employers' contributions due	50	22
Employees' contributions due	157	75
Other	99	0
Cash balances	688	3,083
	994	3,180

12. CURRENT LIABILITIES

	31 March 2024 £'000	31 March 2023 £'000
Creditors		
Other local authorities (LB Hillingdon)	(72)	(133)
Other entities	(382)	(617)
	(454)	(750)

Note: Other entities liabilities are due from the Pension Fund to bodies external to the government e.g., fund managers.

13. ADDITIONAL VOLUNTARY CONTRIBUTIONS

Additional Voluntary Contributions paid by scheme members are not included in the accounts. The additional voluntary contributions are paid by scheme members directly to Prudential Assurance Company, who manage these monies independently of the fund and, as determined by the fund actuary, do not form part of the Fund valuation.

According to information provided by Prudential, £92k was received in additional voluntary contributions by members, in 2023/24 (£87k 2022/23) and AVC Fund value was £3,591k (£3,715k 2022/23). Any transfer of additional contributions into the Fund during the year are included in the employee contributions value as detailed in note 4.

	Market Value 31 March 2024 £'000	Market Value 31 March 2023 £'000
Prudential Assurance Company	3,591	3,715
	3,591	3,715

Notes to the Pension Fund Account

14. FAIR VALUE - BASIS OF VALUATION

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of accounting period.	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at market value based on current yields.	Not required	Not required
Pooled investments - overseas unit trusts and property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price is published.	NAV-based pricing set on a forward pricing basis	Not required
Unquoted equity and Property	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.

Having analysed historical data and current market trends, and consulted with fund managers, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held on 31 March 2024.

It is worth noting the sensitivity analysis below is just one of the possible changes to assets value due to the impact of factors affecting valuation methodology employed by the fund managers. Sensitivity being measured in this note differs from those in note 16 (other price risks).

Notes to the Pension Fund Account

Sensitivity of assets valued at level 3

	Valuation range (+/-)	Market Value 31 March 2024 £'000	Value on Increase £'000	Value on Decrease £'000
Pooled investments - Limited Liability Partnerships (Infrastructure) a	10%	63,548	69,903	57,193
Pooled investments - Limited Liability Partnerships (Private Credit) b	10%	69,709	76,680	62,738
Pooled Property - UBS Property & AEW UREF	10%	105,997	116,597	95,397
Private Equity - d	5%	5,446	5,718	5,174
Total		244,700	268,898	220,502

a) The potential movement of 10% represents a combination of the following factors, which could all move independently in different directions: i) material changes in economic and financial assumptions. ii) discounted equity cash flow rate.

b) The assumed movement is based on pricing of loans in the secondary leveraged loan market, with widening/narrowing spreads resulting in price changes either way.

c) The assumed movement is based fluctuations in market prices for comparable assets, real estate market illiquidity and counterparty default.

d) Movement in the assessed valuation range derive from changes in the underlying profitability of component companies, the range in the potential movement of 5% is caused by unexpected changes to cash flow forecast and discounts for lack of potential bids.

14A. FAIR VALUE HIERARCHY

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

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

Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Notes to the Pension Fund Account

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Values as at 31 March 2024	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs	Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
Financial Assets at Fair Value through Profit and Loss				
Equities	29	0	0	29
Pooled Investments	0	1,019,517	133,257	1,152,774
Pooled Property Investments	0	84,441	105,997	190,438
Private Equity	0	0	5,446	5,446
	29	1,103,958	244,700	1,348,687
Financial Liabilities at Fair Value through Profit and Loss				
Total	29	1,103,958	244,700	1,348,687

Values as at 31 March 2023	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs	Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
Financial Assets at Fair Value through Profit and Loss				
Equities	29	0	0	29
Pooled Investments	0	832,149	133,472	965,621
Pooled Property Investments	0	88,806	105,630	194,436
Private Equity	0	0	6,346	6,346
	29	920,955	245,448	1,166,432
Financial Liabilities at Fair Value through Profit and Loss				
Total	29	920,955	245,448	1,166,432

Notes to the Pension Fund Account

14B. RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

Level 3 Assets Reconciliation

Fund Managers & Asset Categories	Value 1 April 2023	Purchases at cost	Sales proceeds	Unrealised gains/(losses)	Realised gains/(losses)	Value 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Private Equity - Adams Street Partners, LGT Capital Partners & UBS	6,346	46	(1,108)	(501)	663	5,446
Private Finance - M&G	682	0	(93)	(128)	27	488
Infrastructure - Maquarie & LCV	57,524	8,111	(4,332)	(58)	2,303	63,548
Venture Capital - UBS	41	0	0	(41)	0	0
Property - UBS Property, & AEW UREF	105,630	1,592	(253)	(827)	(145)	105,997
Direct Lending - Permira & LCV Private Debt	75,225	2,902	(12,658)	3,899	(147)	69,221
Total Level 3 Assets	245,448	12,651	(18,444)	2,344	2,701	244,700

There were no transfers into Level 3 in 2023/24

Notes to the Pension Fund Account

14C. LEVEL 3 PRICING HIERARCHY DISCLOSURES

Quantitative Information on Significant unobservable inputs

Private Equity: Adams Street & LGT capital

The significant unobservable inputs used in the fair value measurement of privately held securities are Revenue multiples, EBITDA multiple, net income multiple and discount for lack of marketability and potential bids.

Private Finance: M&G

The assets are mostly floating rate notes and held at par value.

Infrastructure: Macquarie

The following quantitative information are considered for significant unobservable inputs, in valuation of infrastructure assets:

- The acquisition financial model is used as a base case.
- Update for any material changes in economic, operational, and financial assumptions.
- Discount equity cash flows at the sum of the risk-free rate and the appropriate risk premium (as determined by the implied risk premium at acquisition unless there is an inherent change in the riskiness of the underlying investments which may necessitate a change in the risk premium).

Direct Lending: Permira

The following key terms are confirmed as inputs for each yield analysis calculation:

- Cash / PIK (Payment in Kind) margin
- Frequency of interest payments
- Commitment and settlement date
- Contracted and expected maturity date

Pooled Property: AEW, UBS Property & LGIM LPI

Fair value is primarily derived using recent market transactions on arm's length terms, where available and discounted cashflow of future earnings are taking into consideration, alongside observable and unobservable inputs.

Description of Valuation Process

Private Equity

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. Private equity investments for which market quotations are not readily available are valued at their fair values by the Board of Directors. Private equity valuations are usually generated by the managers of the underlying portfolio of investments on a quarterly basis and are actually received with a delay of at least one-to-two months after the quarter end date. As a result, the year-end net asset value predominantly consists of portfolio valuations provided by the investment managers of the underlying funds at a specific date, adjusted for subsequent capital calls and distributions. If the Board of Directors comes to the conclusion upon recommendation of the Investment Manager (after applying the above-mentioned valuation methods), that the most recent valuation reported by the manager/administrator of a Fund investment is materially misstated, it will make the necessary adjustments using the results of its own review and analysis. The valuation adjustments relate to events subsequent to the last capital account valuation statement received but based upon information provided by the investment manager and all other available unobservable inputs. In estimating the fair value of fund investments, the Investment Manager in its valuation recommendation to the Board of Directors considers all appropriate and applicable factors.

Private Finance: M&G

These assets are floating rate and are held to maturity, they are valued at par unless suffering from impairment. Impairments may be applied if an asset's credit rating deteriorates.

Direct Lending: Permira

- In each case, valuations are prepared in accordance with International Private Equity & Venture Capital Valuation ("IPEV") Guidelines
- All direct lending investments are valued on a mark-to-market basis at the date of valuation
- Where an investment is considered illiquid (level 3), a yield analysis is performed to infer a fair market value for that investment.

Notes to the Pension Fund Account

- Each valuation is reviewed to ensure:
 - Third party evidence to support pricing (such as Market data, broker quotes or Bloomberg pricing, as well as latest financials and capital structure; and any other adjustments to value) was evidenced.
 - That the valuations are prepared in a consistent manner with previous valuations and that any changes in methodology or valuation are clearly explained; and valuations are derived using methodology consistent with the IPEV guidelines.

Infrastructure: Macquarie

Valuations are calculated by the individual asset teams on a quarterly basis. The valuation process follows the British Venture Capital Association (BVCA) guidelines and is compliant with International Financial Reporting Standards (IFRS). The most generally accepted methodology of valuing infrastructure assets is by way of a discounted cash flow (DCF) analysis.

DCF-Based Market Valuation Process

Financial Model

The acquisition financial models of all the Fund's underlying investments will be externally audited prior to financial close. They will be used as the initial base financial models for the DCF analysis.

Update for Economic, Operational and Financial Assumptions

The economic assumptions in the financial models are adjusted every three months to reflect current market conditions. The main economic variables relate to interest rates, exchange rates and inflation.

The initial operational assumptions in each of the financial models are the acquisition forecasts. Any historical information (e.g., distributions received in an intervening period and year-to-date performance) will be updated within the model. In relation to forward-looking assumptions, the acquisition assumptions will continue to be used unless there is a material inconsistency between these assumptions and:

- The actual operational results to date
- The revised forecasts provided by management or approved by the board.

The financial assumptions in the model (e.g., cost of debt and capital structure) are also updated to reflect the actual debt put into place, current base rates and any material change in outlook with regards to future leverage.

Discount Rate

Equity cash flows are discounted at the acquisition internal rate of return, which is adjusted for changes in the relevant risk-free rate. The acquisition internal rate of return is the return, which is forecast under the acquisition case and price, reflecting the risks inherent in each of the investments. The difference between the acquisition internal rate of return and the risk-free rate at the date of acquisition equates to the risk premium, which is the risk compensation to equity holders.

Most of the Fund's assets are likely to see some decrease in the risk premium as assets are de-risked following acquisition. Such projects may have a changing risk "life-cycle", whereby the risk changes as the asset matures. In addition, if there is a change in the inherent risk of an investment, then the risk premium may need to be reconsidered.

Pooled Property: AEW, UBS Property & LGIM LPI

Pooled properties have been valued in accordance with RICS valuation – Professional Standards VPS4 (7.1) fair value and VPGA 1 valuations for inclusion in financial statements, which adopts the definition of fair value used by the International Accounting Standards Board:

"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 properties are valued individually, and the details of tenure, tenancies and floor area are considered for valuation purposes.

Narrative and Quantitative description of sensitivity to changes in valuation methods and market conditions:

Notes to the Pension Fund Account

Private Equity

Market valuation method applied to investments is sensitive to four main components:

- i) changes in actual market prices.
- ii) interest rate risk.
- iii) foreign currency movements; and
- iv) other price risks

Private Finance (M&G)

The only possible sensitivity associated with private finance valuations and methodology is credit rating. This may result in an analyst impairing an asset if there is a change in the asset's credit rating.

Infrastructure: Macquarie

The economic assumptions in the financial models are adjusted every three months in order to reflect current market conditions. The main economic variables relate to interest rates, exchange rates and inflation.

Infrastructure: LCIV

See Direct Lending, LCIV Private Debt below

Direct Lending: Permira

The yield analysis methodology used to value the level 3 assets are sensitive to the following inputs:

- EURIBOR swap rates (up to 7 years)
- LIBOR swap rates (up to 7 years)
- ELLI (3 year discounted spread data)

These inputs are sourced directly from Bloomberg feeds or independently from Duff & Phelps (ELLI data) relevant to each period end date.

These inputs impact on: (1) the implied IRR calculations at the period end valuation date; (2) the forecast cash and/or PIK yields that track LIBOR or EURIBOR; and (3) ultimately the implied asset price calculated from these inputs as the period end to determine the valuation price.

Direct Lending: LCIV Private Debt

Investments are initially recognized at cost and subsequently measured at fair value. Investments are valued on a basis that the Manager considers fair and reasonable having considered the latest available valuation provided by the investment entity. The level of estimation uncertainty is significant and actual values may differ significantly from estimates.

Purchases and sales are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver, an asset or liability arises. All realised and unrealised gains and losses on investments are recognized as net capital gains/(losses) in the Statement of Total Return. Unrealised gains and losses comprise changes in the fair value of investments for the period.

Pooled Property – AEW, UBS Property & LGIM LPI

Prevalent economic conditions may affect occupancy rate or possible default in rent payments and conversely affecting transaction values. Local authority intentions, planning proposals and onerous restrictions are some of the other factors to which Pooled Property assets transactions may be sensitive towards. These are:

- i) Market price risk: Future values of investments in direct property and related property investments will fluctuate due to changes in market prices.
- ii) Real Estate valuation changes: Property investments are illiquid assets and valuing is difficult.
- iii) Credit risk: counterparty (to a financial instrument) or tenant (of a property) will cause a financial loss to the Fund by failing to meet a commitment it has entered into with the Fund.

Notes to the Pension Fund Account

15. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

	Designated as fair value through P&L	Assets at amortised cost	Financial Liabilities at Amortised Cost	Total	Designated as fair value through P&L	Assets at amortised cost	Financial Liabilities at Amortised Cost	Total
	31 March 2024 £'000	31 March 2024 £'000	31 March 2024 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2023 £'000	31 March 2023 £'000	31 March 2023 £'000
Financial Assets								
Equities	29	0	0	29	29	0	0	29
Pooled Investments	1,152,774	0	0	1,152,774	965,621	0	0	965,621
Pooled property investments	190,438	0	0	190,438	194,436	0	0	194,436
Private Equity	5,446	0	0	5,446	6,346	0	0	6,346
Cash	0	8,316	0	8,316	0	16,510	0	16,510
Other Investment balances	0	269	0	269	0	140	0	140
	1,348,687	8,585	0	1,357,272	1,166,432	16,650	0	1,183,082
Total	1,348,687	8,585	0	1,357,272	1,166,432	16,650	0	1,183,082

15A. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

	31 March 2024 £000's	31 March 2023 £000's
Financial Assets		
Designated at Fair Value through profit and (loss)	129,064	(83,450)
	129,064	(83,450)

16. NATURE & EXTENT OF EXPOSURE TO RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities. 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 (price risk, currency, and interest rate risks) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

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

Market risk

The risk that the fair value of cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks. To mitigate against market risk the Pension Fund invests in a diversified pool of assets to ensure a reasonable balance between different categories. The management of the assets are placed with a number of fund managers with different performance targets and investment strategies. Each fund manager is expected to maintain a diversified portfolio in each asset class. Risks associated with the strategy and investment returns are included as part of the quarterly reporting to Pensions Committee where they are monitored and reviewed.

Notes to the Pension Fund Account

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instruments 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. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The potential losses from shares sold short are unlimited. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund Investment Strategy Statement.

Other price risk - Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year, the Fund has determined that the following potential change in market price risk are reasonably possible for the relevant reporting periods.

Potential price changes are determined based on the observed historical volatility of asset class returns. 'Riskier' assets such as equities will display greater potential volatility than bonds as an example, so the overall outcome will depend largely on Fund asset allocations. The potential volatilities are consistent with one standard deviation movement of the change in value of assets over the last three years. This can then be applied to period end asset mix.

Had the market price of the Fund investments increased or decreased in line with the percentage change below, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown below).

Asset Type	Value as at 31 March 2024 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
Global Equity	770,458	12.10%	863,683	677,233
UK Equity	29	12.10%	33	25
Bonds	229,796	9.10%	250,707	208,885
Alternatives	157,943	3.60%	163,629	152,257
Property	190,460	6.80%	203,411	177,509
Total	1,348,686		1,481,464	1,215,908

Note: Bonds valuation in the table above includes pooled fund held bonds.

Asset Type	Value as at 31 March 2023 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
Global Equity	609,525	13.10%	689,373	529,677
UK Equity	29	13.10%	33	25
Bonds	222,601	6.70%	237,515	207,687
Alternatives	139,819	3.60%	144,852	134,786
Property	194,458	8.20%	210,404	178,512
Total	1,166,432		1,282,177	1,050,687

Note: Bonds valuation in the table above includes pooled fund held bonds.

Notes to the Pension Fund Account

Interest Rate Risk - The risk to which the Pension Fund is exposed to changes in interest rates and relates to its holdings in bonds and cash. Based on interest received on fixed interest securities, cash, and cash equivalents.

The Fund's direct exposure to interest rate movements as of 31 March 2024 and 31 March 2023 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest Rate Risk Sensitivity Analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of net assets available to pay benefits. A 100 basis points (1%) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The analysis that follows assumes that all other variables, in particular exchange rates remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates.

	Value as at 31 March 2024	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Assets exposed to interest rate risks				
Cash balances	8,316	83	8,399	8,233
Bonds - pooled funds	229,796	2,298	232,094	227,498
Total change in assets available	238,112	2,381	240,493	235,731

	Value as at 31 March 2023	Potential movement on 1.2% change in interest rates	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Assets exposed to interest rate risks				
Cash balances	16,510	198	16,708	16,312
Bonds - pooled funds	222,601	2,671	225,272	219,930
Total change in assets available	239,111	2,869	241,980	236,242

Currency Risk - The risk to which the pension fund is exposed to fluctuations in foreign currency exchange rates.

The Pension Fund has the ability to set up a passive currency hedge where these risks are perceived to be adverse. As of 31 March 2024, the Fund had no currency hedge in place for those managers who do not hedge their own portfolios. The following table summarises the fund's currency exposure as of 31 March 2024 and as at the previous period ending 31 March 2023.

Currency exposure by asset type

Currency risk sensitivity analysis

Following analysis of historical data in consultation with PIRC Ltd, the Funds data provider, the Fund considers the likely volatility associated with foreign exchange rate movements to be 6.1%, based on the data provided by PIRC. A 6.1% fluctuation in the currency is considered reasonable based on PIRC's analysis of historical movements in month end exchange rates over a rolling twelve-month period. This analysis assumes that all variables, in particular interest rates, remain constant. Managers that hedge against currency risk are not included in this sensitivity analysis. A 6.1% strengthening/weakening of the pound against various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Notes to the Pension Fund Account

Assets exposed to currency risk

	Asset Value 31 March 2024	Potential market movement	Value on increase	Value on decrease
		6.10%		
	£'000	£'000	£'000	£'000
Pooled Funds	663,973	40,502	704,475	623,471
Private Equity/Infrastructure	68,994	4,209	73,203	64,785
	732,967	44,711	777,678	688,256

Assets exposed to currency risk

	Asset Value 31 March 2023	Potential market movement	Value on increase	Value on decrease
		6.70%		
	£'000	£'000	£'000	£'000
Pooled Funds	508,725	34,085	542,810	474,640
Private Equity/Infrastructure	63,870	4,279	68,149	59,591
	572,595	38,364	610,959	534,231

Credit Risk - Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

The Pension Fund's entire investment portfolio is exposed to some form of credit risk, except for the derivative position, where the risk equates to the net market value of a positive derivative position. Credit risk can be minimised through careful selection of high-quality counterparties, brokers, and financial institutions. The Pension Fund is also exposed to credit risk through Securities Lending, Forward Currency Contracts, and its daily treasury activities. The Securities Lending programme is run by the Fund's custodian Northern Trust which assigns four different risk management oversight committees to control counterparty risk, collateral risk, and the overall securities lending programme. The minimum level of collateral for securities on loan is 102%, however more collateral may be required depending on the type of transaction. To further mitigate risks, the collateral held on behalf of the pension fund is ring fenced from Northern Trust. Securities lending is capped by investment regulations and statutory limits are in place to ensure no more than 25% of eligible assets can be on loan at any one time.

The prime objective of the Pension Fund treasury management activity is the security of principal sums invested. As such it will take a prudent approach to organisations employed as the banker and deposit taker. The Pension Fund will ensure it has adequate but not excessive cash resources in order to meet its objectives. The bank accounts are held with NatWest Bank, which holds an S&P long-term credit rating of A. Deposits are placed in the AAAM rated Northern Trust Money Market Fund which is ring fenced from the administering company. Credit ratings, market indicators and media coverage are monitored to ensure credit worthiness is maintained. The Fund's cash holding under its treasury management arrangements on 31 March 2024 was £8,984k (31 March 2023: £19,593k) and this was held with the following institutions:

Summary	Rating S&P	Balances as at 31 March 2024 £'000	Rating S&P	Balances as at 31 March 2023 £'000
Money market funds				
Northern Trust	AAAm	8,316	AAAm	16,510
Bank current accounts				
NatWest	A+	668	A	3,083
Total		8,984		19,593

Notes to the Pension Fund Account

Liquidity Risk - The risk the Pension Fund will have difficulties in paying its financial obligations when they fall due.

The Pension Fund holds a working cash balance in its own bank accounts with NatWest as well as Money Market Funds to which it has instant access to cover the payment of benefits and other lump sum payments (£668k). At an investment level the fund holds a large proportion of assets in instruments which can be liquidated at short notice, normally three working days. As of 31 March 2024, these assets totalled £1,019,517k, with a further £8,316k held in cash in the Custody accounts at Northern Trust.

Refinancing risk

The key risk is that the fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.

17. FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a revaluation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last valuation took place as of 31 March 2022 setting rates for the period April 2023 to March 2026. The next triennial valuation will take place as of 31 March 2025.

In line with the triennial valuation the Fund updates its Funding Strategy Statement every three years. The key elements of the funding strategy are:

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

The funding level is the ratio of assets to liabilities at the valuation date. A funding level of less/more than 100% implies that there is a deficit/surplus in the Fund at the valuation date against the funding target. Funding plans are set to eliminate any deficit (or surplus) over the set time horizon and therefore get back to a funding level of 100%. To do so, additional contributions may be required to be paid into the Fund; these contributions are known as the "secondary rate".

At the 2022 actuarial valuation, the Fund was assessed as 88% funded (87% at the March 2019 valuation). This corresponded to a deficit of £167m (2019 valuation: £161m) at that time. The slight improvement in funding position between 2019 and 2022 is mainly due to investment performance over the inter-valuation period. The liabilities have also increased due to a reduction in the future expected investment return, although this has partially been offset by lower-than-expected pay and benefit growth (both over the inter-valuation period and forecast to continue into the long term).

Significant events

The figures in this report are based on our understanding of the benefit structure of the LGPS in England and Wales as of 31 March 2022. Details can be found at <http://www.lgpsregs.org/>.

Notes to the Pension Fund Account

Contribution rates

The table below summarises the whole Fund Primary and Secondary Contribution rates at this triennial valuation. These rates are the payroll weighted average of the underlying individual employer primary and the total of employer secondary rates expressed as a monetary amount, calculated in accordance with the Regulations and CIPFA guidance.

Primary Rate (%) 1 April 2023 - 31 March 2026	Secondary Rate (£)		
	2023/24	2024/25	2025/26
19.60%	£6,682,000	£6,897,000	£7,120,000

The Primary rate above includes an allowance for administration expenses of 0.8% of pay. The employee average contribution rate is 6.7% of pay.

At the previous formal valuation on 31 March 2019, a different regulatory regime was in force. Therefore, a contribution rate that is directly comparable to the rates above is not provided.

The valuation of the Fund has been undertaken using a risk-based approach, this approach recognises the uncertainties, and risks posed to funding and follows the process outlined below:

Step 1: The Fund sets a funding target (or funding basis) which defines the target amount of assets to be held to meet the future cash flows. The assumptions underlying the funding target are discussed further in the next section. A measurement is made at the valuation date to compare the assets held with the funding target.

Step 2: The Fund sets the time horizon over which the funding target is to be reached.

Step 3: The Fund sets contributions that give a sufficiently high likelihood of meeting the funding target over the set time horizon.

Assumptions

Due to the long-term nature of the Fund, assumptions about the future are required to place a value of the benefits earned to date (past service) and the cost of benefits that will be earned in the future (future service). Assumptions fall into three categories when projecting and placing a value on the future benefit payments and accrual – financial, demographic and Commutation.

Financial Assumptions

A summary of the financial assumptions underpinning the target funding basis and adopted during the assessment of the liabilities of the Fund as of 31 March 2022 (alongside those adopted at the previous valuation for comparison) are shown below.

Description	31 March 2022	31 March 2019
Funding Basis Discount Rate	4.1%	4.0%
Benefit Increases (CPI)	2.7%	2.3%
Salaries Increases	3.2%	2.6%

Notes to the Pension Fund Account

Demographic Assumptions

The main demographic assumption to which the valuation results are most sensitive is that relating to the longevity of the Fund's members. The longevity assumptions result in the following typical future life expectancies from age 65. For this valuation, the Fund has adopted assumptions which give the following sample average future life expectancies for members:

Description	31 March 2022	31 March 2019
Male		
Pensioners	22.3 years	22.1 years
Non- Pensioners	23.0 years	22.8 years
Female		
Pensioners	24.8 years	24.3 years
Non- Pensioners	26.0 years	25.5 years

Commutation assumptions

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 85% of the maximum tax-free cash for post-April 2008 service.

18. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting Fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

The IAS19 balance sheet is based on financial market values and future market expectation indicators as of 31 March 2022 to comply with the accounting standard.

Description	31 March 2024 % per annum	31 March 2023 % per annum
Inflation /Pensions Increase Rate	2.8%	3.0%
Salary Increase Rate	3.3%	3.5%
Discount Rate	4.8%	4.8%

An IAS 19 valuation was carried out for the Fund as of 31 March 2024 by Hymans Robertson with the following results:

Description	31 March 2024 £m	31 March 2023 £m
Present Value of Promised Retirement Benefits	1,482	1,457
Active Members	468	426
Deferred Members	368	371
Pensioners	646	660

**Incorporates an allowance for the potential increase in liabilities arising from the McCloud judgement and GMP indexation*

These figures are presented as required by IAS 26. They are not relevant for the calculations undertaken for funding purposes or other statutory purposes under UK pension legislation. This item is not recognised in the Net Asset Statement, hence is considered not to be in opposition to the assertion included in the Net Asset Statement surrounding future liabilities of the Fund.

Notes to the Pension Fund Account

The promised retirement benefits on 31 March 2024 have been projected using a roll forward approximation from the latest formal funding valuation as of 31 March 2022. The above figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value.

Note that the above figures on 31 March 2024 (and 31 March 2023) include an allowance for the “McCloud ruling”, i.e., an estimate of the potential increase in past service benefits arising from this case affecting public service pension schemes.

Net Liability

The table below shows the total net liability of the Fund as of 31 March 2024. The figures have been prepared by Hymans Robertson, the Fund’s actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pension’s legislation. In calculating the required numbers, the actuary adopted methods and assumptions that are consistent with IAS19.

Description	31 March 2024 £m	31 March 2023 £m
Present Value of Promised Retirement Benefits	(1,482)	(1,457)
Fair Value of Scheme Assets (bid value)	1,357	1,183
Net Liability	(125)	(274)

19. Going Concern

The Pension Fund accounts, and Notes have been prepared on a going concern basis. The concept of a going concern assumes that an authority’s functions and services will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in the United Kingdom 2023/24) in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

The Fund’s triennial valuation on 31 March 2022 reported a funding level of 88%. Currently, contributions and investment income are sufficient to fund benefits as they fall due without the need to liquidate investments. The Fund is currently operating with a cash flow surplus. If a need to obtain liquidity arises, approximately 71% of the Fund’s assets are held in liquid investments.

A cash flow forecast covering a 12-month period has been produced to confirm the solvent position and outlook of the Pension Fund over the period stated above.

20. RELATED PARTY TRANSACTIONS

It is required under IAS 24 "Related Party Disclosures" that material transactions with related parties which are not disclosed elsewhere should be included in a note to the financial statements. The London Borough of Hillingdon is a related party to the Pension Fund, represented by the Pensions Committee members. The committee is responsible for management of fund assets, including investment directions and administration of the fund. List of committee members may be found in Note 1C. The revenue contributions the Council has made into the Pension Fund are set out in note 4 to the Pension Fund accounts. No senior officer or Pension Committee member had any interest with any related parties to the Pension Fund.

Notes to the Pension Fund Account

Key Management Personnel

Two employees of the London Borough of Hillingdon held key positions in the financial management of the London Borough of Hillingdon Pension Fund. These employees are the Section 151 officer, and the Director of Pensions, Treasury & Statutory Accounts. Total remuneration payable to key management personnel is set out below:

	31 March 2024 £'000	31 March 2023 £'000
Short term benefits	111	92
Post employment benefits	112	98
	223	190

The Pensions Committee of the London Borough of Hillingdon Pension Fund ("the Fund") has prepared an Investment Strategy Statement (ISS) in accordance with the MHCLG Guidance on Preparing and Maintaining an Investment Strategy Statement.

As set out in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the Pensions Committee will review this Statement from time to time, but at least every three years, and revise it as necessary. Also, in the event of a significant change, changes will be reflected within three months of the change occurring. The current version of the ISS is available on the pension fund pages of the Council's website: www.hillingdon.gov.uk and included in the Annual Report.

21. BULK TRANSFER

In 2023/24 Richmond College merged with HCUC to form a new entity HRUC (Harrow, Richmond & Uxbridge College). As a result of the merger a bulk transfer was received from Richmond College of £45.2m.

22. CONTRACTUAL COMMITMENTS

Outstanding capital commitments (investments) as of 31 March 2024 totalled £44,393k (£56,803k on 31 March 2023).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the Private Equity, Infrastructure, Property and Private Credit parts of the portfolio. The amounts called by these funds vary both in size and timing over a period of up to six years from the date of each original commitment.

23. CONTINGENT ASSETS

Four admitted body employers in the London Borough of Hillingdon Pension Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default. Total value of bonds held come to £153,000.00.

24. POST BALANCE SHEET EVENTS

Events taking place after the 31st of March 2024 are not reflected in the financial statements or notes, unless they are of such importance that non-disclosure would affect the ability of users to make proper evaluations and decisions. Where events taking place before this date provided information about conditions existing on 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no events to report after the Balance Sheet date that deem adjustment or disclosure in the accounts.

Annual Governance Statement 2023/24

To Follow

DRAFT

Glossary

ACCRUAL - A sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods received or work done, but for which payment has not been received/made by the end of the period.

ACCUMULATED ABSENCES ACCOUNT - Absorbs the differences arising from the statutory requirement to neutralise the impact on the General Fund Balance of accruing for compensated absences earned but not taken in year.

ACTUARIAL VALUATION - A valuation of assets held, an estimate of the present value of benefits to be paid, and an estimate of required future contributions, by an actuary, on behalf of a pension fund.

ACTUARY - An independent professional who advises on the financial position of the pension fund.

AGENCY SERVICES - The provision of services by one body (the agent) on behalf of another that is legally responsible for providing the service.

AMORTISED COST - The initial measurement will be at fair value, normally the amount of the originating transaction such as the receipt or loan advance less transaction costs. The effective interest rate is then calculated to the amount in the balance sheet at initial measurement. The result in the balance sheet carrying amount (the amortised cost) and a profile of interest charges that might be different from the amounts specified in the contract as being for interest and principal.

ASSET - Something that will be used by the Council over a long period of time and has a lasting value (e.g. land, buildings, and roads). See also **COMMUNITY ASSETS, NON-CURRENT ASSET, INFRASTRUCTURE ASSETS, ASSETS HELD FOR SALE, NON-OPERATIONAL** and **OPERATIONAL ASSETS**.

ASSETS HELD FOR SALE - Assets that are being actively marketed for sale and are expected to be sold within the next financial year.

BAD DEBT PROVISION – See “Impairment Allowance” below.

BALANCES - Unallocated reserves held to resource unpredictable expenditure demands.

BUDGET - A statement of the Council's plans for services expressed in money shown over one or a number of years.

CAPITAL ADJUSTMENT ACCOUNT - The Capital Adjustment Account represents the balance of capital resources set aside to finance capital expenditure awaiting the consumption of those resources (i.e. depreciation or impairment).

CAPITAL CHARGE - A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

CAPITAL EXPENDITURE - Spending on assets (e.g. land, buildings, roads etc.) that adds to and not merely maintains the value of an existing fixed asset.

CAPITAL RECEIPTS - The proceeds from the sale of land, buildings or other assets. Capital receipts can be used to pay for new capital expenditure, within rules set down by the Government, or to repay outstanding loans.

CASH EQUIVALENT - Amounts held as short-term deposits which are readily convertible into cash.

CIPFA - The Chartered Institute of Public Finance and Accountancy is the professional accounting body that specialises in the public services.

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.

CONTINGENCY - Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income.

CONTINGENT ASSET - A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

Glossary

CONTINGENT LIABILITY - A contingent liability is either:

- a) A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- b) Past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

COUNCIL TAX - The local tax based on relative market values of residential property, which helps to fund local services.

CREDITORS / PAYABLES - Amounts owed by the Council for goods and services received where payment has not been made at the date of the balance sheet.

CREDIT RISK - Risk that other parties might fail to pay amounts due to the Council

CURRENT ASSET - An asset held, which will be consumed or cease to have value within the next financial year; examples are stocks and debtors.

CURRENT LIABILITY - An amount which will become payable or could be called in within the next accounting period; examples are creditors and cash overdrawn.

CURRENT SERVICE COST - The increase in the present value of Pension Fund Liabilities expected to arise from current year service.

DEBTORS / RECEIVABLES - Amounts owed to the Council for goods and services provided but not received at the date of the balance sheet.

DEDICATED SCHOOLS GRANT - A specific grant for the funding of schools and which is ring fenced to the Schools Budget.

DEPRECIATION - The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

DIRECT REVENUE FINANCING (revenue contributions to capital) - Resources provided from the Council's revenue budget to finance the cost of capital projects.

DISTRICT AUDITOR - An auditor employed directly by the Audit Commission to audit the accounts of local authorities.

EARMARKED RESERVES - Amounts set aside for a specific purpose or a particular service or type of expenditure.

EFFECTIVE INTEREST RATE - The rate of interest that will discount the estimated cash flows that take place over the life of the instrument.

EMOLUMENTS - All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

EXCEPTIONAL ITEMS - Material items that fall within the ordinary activities of the Council that need to be disclosed in order to present the accounts fairly.

EXTRAORDINARY ITEMS - Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur.

FAIR VALUE - the price at which an asset could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FEES AND CHARGES - Income raised by charging users of services.

Glossary

FINANCE LEASE - A method of paying for capital expenditure where a rent is paid for an asset during its useful life. Finance Leases are treated as capital. See **OPERATING LEASE**.

FINANCIAL YEAR - The period covered by a set of financial accounts - the Council's financial year commences 1 April and finishes 31 March the following year.

GENERAL RESERVE - amounts remaining unspent on revenue account after taking account of all expenditure and income for the year. The General Reserve is required to enable the Council to meet potential business risks in the future so that services will not be affected financially should unexpected events occur.

GOING CONCERN - The concept that an entity will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assumes no intention to significantly curtail the scale of operations.

GOVERNMENT GRANTS - Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the Council.

GROSS EXPENDITURE - The total cost of providing the Council's services before taking into account income from government grants and fees and charges for services.

IMPAIRMENT - A reduction in the value of a fixed asset below its previously assessed value in the balance sheet.

IMPAIRMENT ALLOWANCE - Amounts set-aside in the accounts towards potentially irrecoverable debts. This amount reduces the value of the Debtors in the Consolidated Balance Sheet (previously known as "Bad Debt Provision").

INCOME - Amounts due that has been or is expected to be received.

INFRASTRUCTURE ASSETS - Fixed assets that have no alternative use and are intended to be held in perpetuity. Examples of infrastructure assets are highways and footpaths.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) - Statutory guidelines by which the accounts have to be prepared, implemented for the first time in the 2010/11 accounts.

INVENTORIES - The amount of unused or unconsumed stocks held in expectation for future use.

INVESTMENT PROPERTIES - Assets held solely for capital appreciation or to earn rental and not to meet service objectives.

INVESTMENTS - Short-term investments are those maturing within one year if the balance sheet date, any investments maturing more than one year after the balance sheet date are treated as long-term investments.

LOANS AND RECEIVABLES - Financial assets (excluding derivatives) that have fixed or determinate payments and that are not quoted in any in any active market. Loans and receivables are carried at amortised cost. The income and expenditure account is charged with interest receivable, impairment losses and any gain or loss on "de-recognition". Movements in fair value during the life of the asset are not recognised.

LIABILITIES - Money owed to individuals or organisations that will be paid at some time in the future.

LIQUIDITY RISK - The risk that the Council might not have funds available to meet its commitments to make payments.

MARKET RISK - The risk that the Council will loss out financially as a result in market factors such as interest rates or stock market movements.

MINIMUM REVENUE PROVISION - (MRP) - The minimum amount, which must be charged each year to the Council's revenue account to set aside funds to repay the principal sum of borrowing for capital purposes.

Glossary

NATIONAL NON-DOMESTIC RATE (NNDR) - A levy on businesses based on a national rate in the pound multiplied by the ratable value of the premises occupied. NNDR is redistributed among all local authorities and police authorities on the basis of population.

NET BOOK VALUE - The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

NET EXPENDITURE - Gross expenditure less specific service income but before deduction of revenue support grant.

NET CURRENT REPLACEMENT COST - The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NET REALISABLE VALUE - The open market value of the asset in its existing use (open market value in the case of non-operational assets), or sale proceeds for stocks and stores less the expenses to be incurred in realising the asset.

NON-CURRENT ASSET - An asset that has value beyond one financial year.

NON-DISTRIBUTABLE COST - These include overheads for which no user now benefits and should not be apportioned to services. Examples are spare computer capacity and empty offices. These also include pension costs in relation to scheme members' past service.

NON-OPERATIONAL ASSETS - Non-Current assets held by the Council not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties, assets under construction and assets that are surplus to requirements, pending sale or redevelopment.

OPERATIONAL ASSETS - Non Current Assets held, occupied, used or contracted to be used on behalf of the Council or consumed by the Council in the direct delivery of the services for which it has a responsibility, whether statutory or discretionary or for the service or strategic objectives of the Council.

OPERATING LEASE - A lease under which the asset can never become the property of the lessee.

OUTTURN - Actual income and expenditure for a financial year.

PAST SERVICE COST - The increase in present value of Pension Fund liabilities arising in the current year from previous years' service.

PENSION FUND - The Fund for staff in the Local Government Pension Scheme, maintained on an actuarial basis, which makes pension payments on retirement of participants; it is financed by contributions from the employer and employees and from investment income.

PENSION INTEREST COSTS - Expected increases in present value of Pension Fund liabilities because benefits are due one year sooner.

POST BALANCE SHEET EVENTS - Those events, both favorable and unfavorable, which occur between the balance sheet date and the date on which the Director of Finance signs the Statement of Accounts.

PRECEPT - The charge made by one authority on another to finance its net expenditure.

PRIOR YEAR ADJUSTMENTS - Material adjustments applicable to prior years arising from changes in accounting policies or to correct errors.

PRIVATE FINANCE INITIATIVE (PFI) - A central government initiative that aims to increase the level of funding available for public services by attracting private involvement. The Council has one such scheme relating to the provision of Barnhill school. The school has been developed and its ancillary services are provided by a private company with which the Council has a long-term contract.

Glossary

PROVISION FOR DISCOUNT AND PREMIUMS ON LOAN REDEMPTION - A provision to spread over an appropriate period discounts received and premiums paid when loans from the Public Works Loan Board are prematurely repaid.

PROVISION - An amount, set-aside in the accounts, for liabilities that have to be met but where timing is uncertain.

PRUDENCE - The concept that revenue is not anticipated but is recognised only when realised in the form of cash or other assets and full and proper allowance is made for all known and foreseeable losses and liabilities.

PUBLIC WORKS LOAN BOARD (PWLB) - A government agency that provides long term and medium-term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

RELATED PARTY - Relationships between a senior officer or elected member or their families with another body that has, or might develop, a business relationship with the Council.

RESERVES - Money set aside by the authorities to meet particular expenditure in future years, which do not fall within the definition of provisions.

REVALUATION RESERVE - a new account opened on 1st April 2007 that records all accumulated gains from fixed assets held by the Council offset by that part of depreciation relating to the revaluation.

REVENUE EXPENDITURE - The day-to-day running costs incurred by the Council in providing services, for example payment of salaries to employees or purchase of materials.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE - A charge arising from capital expenditure but where there is no tangible asset. An example is grants given for private property improvement. The Council is permitted to borrow for such expenditure

REVENUE SUPPORT GRANT - A grant paid by central government to aid local authority services in general, as opposed to specific grants, which may only be used for a specific purpose.

SOLACE - Society of Local Authority Chief Executives

SPECIFIC GRANTS - These are grants paid by various government departments outside the main formula. They include ring-fenced grants and specific formula grants.

SURPLUS ASSETS - Assets which are no longer in use by the Council, but which are not being actively marketed and are not expected to be sold within the next financial year.

TAXBASE - The number of Band D equivalent properties in a local authority's area. An authority's tax base is taken into account when it calculates its Council Tax, and when central government calculates entitlement to Formula Grant.

TRANSFER VALUE - A payment one superannuation fund makes to another when a member changes employment.

TRUST FUNDS - Money held in trust by the Council for a specified purpose.

USABLE RESERVES - Balances held by the Council which can be used to meet service expenditure.

UNUSABLE RESERVES - Balances held by the Council which cannot be used to meet service expenditure

USEFUL LIFE - The period over which the Council will derive benefits from the use of a fixed asset.

VIREMENT - The permission to spend more on one budget head when this is matched by a corresponding reduction on some other budget head, i.e. an authorised switch of resources between budget heads.

WORKS IN PROGRESS - Cost of work done on an uncompleted project at the balance sheet date.

YIELD - The amount of cash (in percent terms) of the return on investing activities