

**DRAFT UNAUDITED**

# Statement of Accounts **2025/2026**



**B&D**  
IT STARTS  
HERE

# Narrative Report

Narrative Report	2
Statement of Responsibilities	23
Independent External Auditor's Report	25
<b>Core Financial Statements</b>	
Comprehensive Income and Expenditure Statement (CIES)	28
Movement in Reserves Statement (MIRS)	29
Balance Sheet	30
Cash Flow Statement (CFS)	31
<b>Notes to the Accounts</b>	
Notes to the Accounts	32
Housing Revenue Account	117
Collection Fund Account	123
Group Accounts	127
Pension Fund Accounts	137
<b>Supplementary</b>	
Annual Governance Statement	165
Glossary of Terms	187

# NARRATIVE AND WRITTEN STATEMENTS



# Narrative Report

## Introduction

Barking and Dagenham is one of the most exciting and fastest growing boroughs in London. The Council have the opportunity of a lifetime to grow the borough and the community despite challenges.

The 2025/26 financial year saw the continuation of the challenging economic and financial environment that the Council had operated in the past couple of years. There has been a cost-of-living pressures, driven by sustained inflation and higher interest rates, continued to increase demand for council services and had a material impact on the Council's finances. Despite these challenges, the Council continued to invest to support the most vulnerable within the borough.

This Narrative Report focuses on the matters most material to understanding the Council's financial position and performance during the year, including key demand pressures, the outturn financial position, movements in reserves and delivery against the Council's strategic priorities.

The report includes an overview of financial performance across the Council, including the General Fund, Housing Revenue Account, Dedicated Schools Grant, capital programme and Pension Fund. It explains the key financial challenges faced during the year and their impact on the Council's financial position.

The Council's consistent focus on financial management, supported by the Medium-Term Financial Strategy and savings programme, has enabled the Council to mitigate against the financial challenges during the year. Despite the challenges and the economic landscape, the Council has reported a General Fund deficit of £278k, Housing Revenue Account had a break-even position and Dedicated Schools Grant had a deficit of c£26m, reflecting ongoing financial pressures, while maintaining usable reserves of c£276m. Capital investment during the year totalled c£174m.

Looking ahead to 2026/27, the Council has set a balanced budget and continues to support investment through an ambitious capital programme aligned with the Council's Investment and Acquisition Strategy. In February 2026, the Council Assembly approved its 2026/27 budget, including a Council Tax increase of 4.99% which is the maximum permitted without triggering a local referendum.

The Council will continue to pursue initiatives to generate additional income and deliver financial savings to address the budget gap in the Medium-Term Financial Strategy. Demand for many services continues to increase due to sustained cost-of-living pressures, while the cost of service delivery is also rising, placing continued pressure on the Council's financial position. The Council remains focused on delivering services in a financially sustainable manner, working with residents, businesses, and partners to deliver the priorities set out in the Corporate Plan.



**Richard Harbord**

**Strategic Director of Resources (Section 151 officer)**

**Date: 30 June 2026**

# Narrative Report

## About Barking & Dagenham

Barking and Dagenham is a proudly diverse London borough with a rich heritage and a bright future. It is home to one of the fastest-growing and youngest populations in the country, but also remains one of the most deprived, with poverty affecting almost every aspect of residents' lives.

Rapid demographic change has significantly increased demand for public services. This demand is not only rising but increasingly complex, shaped by the strong links between poverty, need and vulnerability. To respond effectively, the Council continues to adapt its approach in agile and innovative ways.

The Council is small compared to many other London boroughs, which is reflected in both the size of its workforce and its overall budget. The net General Fund budget for the year was c£238.7m, with 60% committed to care and support services. Only 18% of funding is derived from Council Tax, making the Council more reliant on government grant than many other authorities.

The 2025/26 Local Government Financial Settlement provided a welcome increase in core spending power for deprived areas, although this offered only temporary relief. The Fairer Funding 2.0 reforms have now been implemented and are reflected in the Council's 2026/27 approved budget, improving alignment between funding with levels of need. However, despite the Council being relatively better positioned compared with other London boroughs, the funding is not sufficient on its own to address the long-term financial sustainability challenges or the continued growth in demand and cost pressures faced by the Council.

The scale and nature of growth and demographic change in the borough are reflected in the following key indicators:

- Population Growth: increased by 17.7% between 2011 and 2021, the third highest in England and Wales, and has grown by a further 14,000 since 2021 to 232,747 (30 June 2024).
- Projected Population Growth: expected to increase further by approximately 42% by 2041, reaching over 300,000 residents.
- Population Diversity: 69.1% of residents are from Black, Asian or Multi-Ethnic backgrounds.
- Age Profile: the borough has the highest proportion of residents aged under 16 in England & Wales (26.1%)

## The Challenges Our Residents Face

Alongside population growth, the borough continues to experience significant socio-economic challenges, which are key drivers of demand for Council services. These challenges are reflected in the following key indicators:

- Child poverty levels are high, with 42% of children in the borough living in poverty, significantly above the national average.
- Unemployment levels are elevated, with a rate of 7.9%, the third highest in the country.

# Narrative Report

- Earning levels are below the London average, with gross weekly pay for full-time workers at £744 compared to £853 across London.
- Universal Credit dependency is significant, with 42% of households including at least one claimant, the third highest in the country.

## About the Council

The Council is one of London's 32 borough councils and operates within the wider Greater London governance framework.

The Council operates a 'strong leader' governance model, with the Leader of the Council re-appointed in May 2026. The Leader has appointed eight Cabinet Members (portfolio holders), including the Deputy Leader, and one Cabinet Assistant.

The Council has 51 elected councillors representing 19 Wards. Following the May 2026 elections, the political composition is: Labour Party 38 seats, Reform 9 seats and the Green Party hold 4 seats.

The Council's Executive Team is responsible for the strategic leadership and management of services and carrying out of policy decisions. It comprises the:

- Chief Executive
- Strategic Director, People
- Strategic Director, Housing, Environment and Communities
- Strategic Director, Inclusive Growth and Place
- Strategic Director Resources (Section 151 Officer)
- Director of Law and Governance (Monitoring Officer)
- Director of Strategy, IT and Change

Each senior officer provides strategic oversight of service areas delivered through Directors and Heads of Service.

The Council employs 2,640 staff (2,439 full-time equivalent), excluding those in schools. The workforce profile is summarised below:

- Gender Profile: 61.5% Female and 38.5% Male.
- Ethnicity Profile: 50.6% White/White British staff (including White Irish and White Other), and 39.5% from Black, Asian and Multi-Ethnic backgrounds.
- Disability: 5.9% of staff have disclosed a disability or long term physical or mental health condition.
- LGBT+: 2.5% of staff have disclosed they are LGBT+

The Council's operating model includes a number of wholly owned subsidiary companies that support delivery across regeneration, housing, facilities management and energy. These include:

- Be First - is a regeneration delivery vehicle which leads on all aspects of developing new housing sites and is responsible for planning and building control services and management of commercial assets on behalf of the Council.

# Narrative Report

- Reside - provides affordable housing including sub-market rent and shared ownership, alongside some market for sale housing.
- BD Group - provides repairs and maintenance services for HRA and Reside properties through BD Management Services (BDMS), as well as cleaning and catering services.
- B&D Energy - provides district energy services to more than 2,500 homes.

## Driving Change for Our Borough

Our vision is 'to make Barking and Dagenham a place people are proud of and want to live, work, study and stay'.

The Corporate Plan 2023-2026 sets out how we will work towards that vision at a time of significant challenge for our residents. As a borough with high levels of deprivation, a growing and diverse population, and a rising demand for services, we know that too many people continue to experience poorer outcomes.

The Council remains committed to tackling the root causes of inequality, strengthening financial resilience, improving health and wellbeing, and ensuring that growth in the borough benefits everyone.

Support for the borough's most vulnerable residents now represents almost 83% of the Council's total net spend. As a greater proportion of the budget is directed towards care and support, there is inevitably less available for wider services. This makes it essential that the Council focuses its resources on areas where they can deliver the most meaningful impact on residents' lives and long-term outcomes.

The council's key priorities are:



# Narrative Report



The Medium-Term Financial Strategy aligns the Council’s financial resources to these strategic priorities, ensuring that available funding is directed towards the delivery of key outcomes set out in the Corporate Plan.

## Our Performance and Achievements

The Corporate Plan Outcomes Framework is monitored twice a year and reported to Cabinet, providing clear transparency and strong member oversight. This sits within our wider Performance Management Framework, which the Local Government Association has recognised for its rigour, high-quality reporting and good governance.

Alongside this, the Executive Team commissions detailed performance ‘deep dives’, with further scrutiny from the portfolio holder for performance and independent oversight from the Overview and Scrutiny Committee.

Performance is assessed against the Council’s Corporate Plan priorities through these arrangements. The following tables set out the key achievements during 2025/26 and the priority areas for improvement in 2026/27 for each of the Corporate Plan priorities.

Priority 1: Residents are Supported During the Current Cost of Living Crisis	
Key Achievements in 2025/26	Key Improvement Priorities for 2026/27
<ul style="list-style-type: none"> <li>We allocated £3.8m from the Household Support Fund (HSF) to provide both immediate crisis support, and longer-term preventative help, ensuring as many residents as possible could access the essentials they needed while building greater financial resilience.</li> </ul>	<ul style="list-style-type: none"> <li>We will continue to support our residents through Universal Credit migration, offering advise on rent and Council Tax arrangements and signposting to independent support services.</li> </ul>

# Narrative Report

## Priority 1: Residents are Supported During the Current Cost of Living Crisis

Key Achievements in 2025/26	Key Improvement Priorities for 2026/27
<ul style="list-style-type: none"> <li>We supported residents with open cases by distributing 2,000 supermarket vouchers worth £35,000, tailored to household size and needs, helping them meet food costs so they could focus on managing their debts.</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of our Cosy Homes Scheme to reduce fuel poverty, improve energy efficiency, and lower carbon emissions in homes, especially for lower-income households.</li> </ul>

## Priority 2: Residents are Safe, Protected, and Supported at Their Most Vulnerable

Key Achievements in 2025/26	Key Improvement Priorities for 2026/27
<ul style="list-style-type: none"> <li>Our adult social care service was awarded an 'Outstanding' rating by the Care Quality Commission (CQC), making it one of only four local authorities in England to achieve the highest possible rating under the CQC's new assessment framework.</li> <li>In adult social care, the proportion of people asked about desired outcomes in safeguarding enquiries was 95% (provisional) in 2025/26. This remains higher than London and England 2024-5 benchmarks. The proportion of people achieving their desired outcomes increased to 98%, again higher than 2024/25 benchmarks.</li> <li>Whilst child protection levels are higher than average for London, child protection plans are effective in bringing sustainable change that reduce risks and keep children safe. Provisional results show that repeat child protection plan levels remain low at 16% for 2025/26, which is below the London average (provisional).</li> <li>Youth Justice services were rated 'Good' with Outstanding in two areas by HMIP in February 2026.</li> <li>Reoffending rates are below London and National rates.</li> </ul>	<ul style="list-style-type: none"> <li>Increasing our placement sufficiency for children in care by developing children homes, fostering options, and reducing use of unregulated care.</li> <li>Building on our recent positive focused visit and improvement work, Children's social care will deliver its Children's Care and Support Improvement Plan for 2026/27 to drive continuous improvement across the service. The plan has agreed priorities and actions in relation to children in need of help and protection, children in care and care leavers and leadership.</li> <li>Preparation for the Families First Partnership reforms is also a key priority, with the new target operating model due to be launched in April 2027.</li> <li>Partnership safeguarding priorities will be delivered through the Safeguarding Adults Board and Safeguarding Children's Partnership Transitional safeguarding has been identified as a shared priority across both areas for 2026/27.</li> </ul>

# Narrative Report

## Priority 3: Residents Live Healthier, Happier, Independent Lives for Longer

Key Achievements in 2025/26	Key Improvement Priorities for 2026/27
<ul style="list-style-type: none"> <li>The Barking and Dagenham Community Chest Fund supported 20 organisations with c£98k to deliver key projects designed to support mental and physical wellbeing.</li> <li>The care technology service plays a key role in reducing the delaying the need for adult care and support. Over 3,600 residents were using care technology as of May 2026 and LBBB remains a sector leader.</li> <li>Provisional data shows that 67% of people who received short-term support in adult social care then no longer needed support in 2025-26: This remains significantly higher than outcomes before the therapy-led reablement service was launched.</li> <li>In partnership with Queen Mary University of London, we agreed to invest £4.1 million to establish a cutting-edge academic dental centre in central Barking, opening in 2027.</li> </ul>	<ul style="list-style-type: none"> <li>Adult social care will continue to deliver its Adult Social Care and Support Plan 2025-30. The plan is made up of three priority areas: Promoting independence, practice and workforce development and partnerships.</li> <li>The Council has commissioned DDM Health to work with the council and partners to develop a new approach to healthy weight, shifting the focus upstream towards prevention. DDM Health have conducted community insight and stakeholder engagement and are now commencing an 18-month action plan to build and test a scalable operating model for healthy weight.</li> </ul>

## Priority 4: Residents Prosper from Good Education, Skills Development, and Secure Employment

Key Achievements in 2025/26	Key Improvement Priorities for 2026/27
<ul style="list-style-type: none"> <li>As at end August 2025, 98% of the borough's schools were rated 'Good' or 'Outstanding'.</li> <li>Our NEET figures compare well to the other boroughs, with increasing numbers of young people with SEND in supported internships.</li> <li>Our secondary schools achieved the best GCSE results in the borough's history, with students outperforming national trends and improving attainment across key measures.</li> </ul>	<ul style="list-style-type: none"> <li>Provide more intensive support for economically inactive residents and people with complex needs through programmes such as the East London Trailblazer, Connect 2 Work, UKSPF employability support, and Supported Employment.</li> </ul>

# Narrative Report

## Priority 5: Residents Benefit from Inclusive Growth and Regeneration

Key Achievements in 2025/26	Key Improvement Priorities for 2026/27
<ul style="list-style-type: none"> <li>We completed 100 new affordable homes.</li> <li>We were awarded £20m Pride in Place funds over 10 years for two neighbourhoods in the Borough (£41.5m in total). This long-term investment will support local ideas to improve the places people live, work and spend time.</li> <li>Preferred partners were selected for two new regeneration partnerships with the aim to continue the borough's regeneration whilst reducing the reliance on public sector funding.</li> <li>Retained Green Flag Awards in seven of our key parks, and fourth place position in the Good Parks for London Guide.</li> <li>£920K investment in delivering 60 new electric vehicle charging points and 280 additional sockets to support the borough's transition to low emission transport.</li> </ul>	<ul style="list-style-type: none"> <li>Complete over 800 affordable new homes that are currently in construction.</li> <li>Establish two regeneration partnerships.</li> <li>Establish community led Neighbourhood Boards for the two Pride in Place areas.</li> <li>Delivery of 26 rapid chargers for fast-charging of electric vehicles.</li> <li>Old Dagenham Park refurbishment project: Completion of upgrades and refurbishment of play and gym equipment; BMX track; tree planting and landscaping to restore the aesthetics of ODP in preparation for Green Flag Award application.</li> <li>Refurbishment of St Chads Park: Address issues identified by the 2024 Building Condition Survey and associated cricket pavilion refurbishment and deliver improvements to pitch and play equipment in the park.</li> </ul>

## Priority 6: Residents Live in, and Play Their Part in Creating, Safer, Cleaner, and Greener Neighbourhoods

Key Achievements in 2025/26	Key Improvement Priorities for 2026/27
<ul style="list-style-type: none"> <li>We have improved cleanliness across the borough by boosting bulky waste collections and expanding its fly-tipping response, resulting in nearly 2,000 extra bookings, over 81 tonnes of bulky waste collected, and more than 77 tonnes of unreported fly-tips cleared.</li> <li>We approved £2.8 million of Pride in Place and SCIL funding to improve parks, community facilities, safety measures, and neighbourhood infrastructure across all parts of the borough.</li> <li>Planting of 44,000 additional trees in streets, parks and open spaces.</li> </ul>	<ul style="list-style-type: none"> <li>We will continue to monitor the free bulky waste pilot to assess the impact on fly-tipping levels, uptake of free collections, and resident feedback, ensuring the scheme delivers the improvements expected.</li> <li>Implementation of weekly food waste collections from all households in line with Government requirements.</li> <li>Endangered species reintroduction: Establishment of beaver and white stork colonies in The Chase Nature Reserve to support national species recovery programmes, funded by the Mayor of London and LBBD. Construction planning for enclosures and aviary</li> </ul>

## Narrative Report

### Priority 6: Residents Live in, and Play Their Part in Creating, Safer, Cleaner, and Greener Neighbourhoods

Key Achievements in 2025/26	Key Improvement Priorities for 2026/27
<ul style="list-style-type: none"> <li>Adopted the Ripple Nature Reserve Masterplan to restore a prized ecological site of importance for nature conservation.</li> </ul>	<p>under way. Beavers could be in place by spring 2027. Stork chicks in October 2026.</p>

### Priority 7: Residents Live in Good Housing and Avoid Becoming Homeless

Key Achievements in 2025/26	Key Improvement Priorities for 2026/27
<ul style="list-style-type: none"> <li>We saw a reduction in the number of households in temporary accommodation which was supported by a revised payment rate that has stabilised supply and helped to reduce the number of bed and breakfast placements.</li> <li>In April 2025, we launched the new borough-wide Private Sector Housing Selective Licensing Scheme with the aim of addressing substandard housing conditions, poor management practices, and issues linked to deprivation and anti-social behaviour.</li> <li>107 homes retrofitted through £1.02M of government grant, upgrading some of the Council's coldest social housing.</li> </ul>	<ul style="list-style-type: none"> <li>Successfully deliver the handover of BD Reside housing stock to increase the supply of suitable housing to support more households to leave temporary accommodation.</li> <li>Pilot a Large Families Taskforce to engage households on the housing register who are awaiting homes with four or more bedrooms. The pilot taskforce will work directly with families to explore bespoke solutions that alleviate overcrowding.</li> <li>£10M investment in energy efficiency measures across 600 homes.</li> </ul>

Performance against planned activity and budgets is reported quarterly at Corporate Performance Group (made up of the Strategic Leadership Team), and Cabinet, and to the Overview and Scrutiny Committee every six months.

## Council's Wholly Owned Subsidiary Companies

The Council has established a series of independent companies and LLPs which deliver a range of services for the Council and for other customers. Subsidiary performance is monitored by a dedicated Shareholder Panel comprising of elected Members and senior officers. In addition, performance is reported to Cabinet on a quarterly basis and Subsidiary Managing Directors are invited to present to Overview and Scrutiny Committee on an annual basis.

Subsidiaries are required to produce rolling 5-year business plans, refreshed on an annual basis and approved by Cabinet.

The subsidiary companies are broadly arranged into four sector groups as below:

# Narrative Report

## Regeneration Delivery

- Be First (Regeneration) Ltd

## Property Management

- Barking and Dagenham Homes Ltd
- B&D Reside Ltd
- TPFL (Regeneration) Ltd
- B&D Reside (Regeneration) Ltd
- B&D Reside (Regeneration) LLP
- B&D Reside Roding Ltd
- B&D Reside Abbey Roding LLP
- B&D Reside Weavers Ltd

## Energy

- B&D Energy Ltd

## Facilities Management

- Barking and Dagenham Trading Partnership (BDTP) Ltd
- BD Together Ltd
- BD Corporate Cleaning Ltd
- LondonEast UK Ltd
- BD Management Services Ltd
- BD Service Delivery Ltd

The following tables set out the key achievements during 2025/26 and the priority areas for 2026/27.

Regeneration Delivery – via Be First (Regeneration) Ltd	
Key Achievements in 2025/26	Key Improvement Priorities for 2026/27
<ul style="list-style-type: none"> <li>• 2026-2031 Business Plan approved by Cabinet.</li> <li>• Preferred bidders selected for Regeneration Partnerships, seeking to leverage private sector funding into the ongoing regeneration of the borough.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish two Regeneration Partnerships and approve initial Regeneration Plans.</li> <li>• Complete residential schemes at Gascoigne East 3b, Roxwell Road and Beam Park.</li> </ul>

Property Management – via Reside group of companies listed above and Barking and Dagenham Homes Ltd	
Key Achievements in 2025/26	Key Improvement Priorities for 2026/27
<ul style="list-style-type: none"> <li>• 2026-2031 Business Plan approved by Cabinet.</li> <li>• Let new schemes at Woodward Road and Roxwell Road.</li> </ul>	<ul style="list-style-type: none"> <li>• Submit application for Registered Provider Status for Barking and Dagenham Homes Ltd.</li> <li>• Complete the backlog of head leases and loans.</li> </ul>

## Narrative Report

### Energy – via BD Energy Ltd

Key Achievements in 2025/26	Key Improvement Priorities for 2026/27
<ul style="list-style-type: none"> <li>2026-2031 Business Plan approved by Cabinet.</li> <li>New connections secured despite some schemes being delayed in construction.</li> </ul>	<ul style="list-style-type: none"> <li>Take handover of two new energy centres.</li> <li>Prepare for introduction of new regulatory standards for Heat Networks.</li> </ul>

### Facilities Management – via Barking and Dagenham Trading Partnership Ltd group of companies

Key Achievements in 2025/26	Key Improvement Priorities for 2026/27
<ul style="list-style-type: none"> <li>New contract for repairs and maintenance services agreed with the Council.</li> <li>New leadership team embedded.</li> </ul>	<ul style="list-style-type: none"> <li>Secure approval for 2026-2031 Business Plan from Cabinet</li> <li>Agree and deliver an Improvement Plan.</li> </ul>

## Governance

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Under the Local Government Act 1999, the Council also has a duty to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Council has adopted the corporate governance principles set out in the CIPFA / SOLACE *Delivering Good Governance in Local Government* framework. These principles are reflected within the Council’s governance framework, including its Constitution, financial regulations, policies, procedures and decision-making processes. Collectively, these arrangements ensure that the Council demonstrates accountability, transparency and effective decision-making in line with recognised good practice.

The Annual Governance Statement explains how the Council’s governance arrangements operate in practice and how they align with the principles of the CIPFA/SOLACE framework. It also meets the requirements of Regulation 6(2) Accounts and Audit Regulations 2015 to review and report on the effectiveness of the Council’s system of internal control

The Council’s Internal Audit service delivers a comprehensive programme of review activity in accordance with the Audit Strategy and the Public Sector Internal Audit Standards. This work is risk-based and focuses on key risks facing the Council, including its principal financial and management information systems, governance arrangements and corporate activities.

Based on the programme of internal audit work undertaken during 2025/26, the Head of Audit has provided an overall opinion of “generally satisfactory with some improvements required”. A “generally satisfactory with some improvements required” opinion indicates that governance, risk management and control arrangements are generally satisfactory in business-critical areas. However, there are some areas of weakness and non-compliance which may put the achievement of the Council’s objectives at risk. Improvements are required

## Narrative Report

in these areas to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

### Risk Management

The Accounts and Audit Regulations 2015 and Public Sector Internal Audit Standards 2017 require the Council to maintain a robust, adequate and effective system of risk management in its delivery of core services. An effective and embedded risk management framework is a key component of the Council's overall governance arrangements.

The Executive Team is responsible for reviewing the Strategic Risk Register and ensuring that the risks are managed within the Council's risk appetite. The Audit and Risk Committee provide an independent oversight by considering the effectiveness of the Council's strategic risk management arrangements.

The Corporate Risk Register was refreshed during the year, and reported to the Audit and Risk Committee. Strategic risks are determined by the Executive Team and include those that:

- are relevant and important to all or most of the Council's services and functions;
- arise externally but which may have significant impact on the borough, or parts of the borough, as a whole; or
- could potentially have severe reputational consequences if materialised.

Effective risk management supports the achievement of the Council's objectives by safeguarding assets, ensuring value for money and embedding consideration of risk within decision-making processes.

The principal risks facing the Council include ongoing demand and cost pressures in children's and adults' services, delivery of savings within the Medium-Term Financial Strategy, housing and homelessness pressures impacting the General Fund and the Housing Revenue Account, and wider economic uncertainty including inflation and funding constraints. These risks are actively managed through the Council's governance, risk management and financial planning arrangements.

### Financial Performance 2025/26

#### General Fund

The Council's General Fund final budget for 2025/26 was £238,703k. The outturn position is £238,981k, resulting in a deficit of £278k, which has been funded from General Reserve.

Revenue expenditure supported the delivery of frontline services aligned to the Council's priorities, including demand-led services such as children's social care, adult social care and housing. These services continue to experience sustained demand pressures, which are reflected in the Council's financial position and the performance outcomes described earlier in this report.

While the Council has maintained overall financial stability during the year, the outturn position continues to reflect underlying pressures, particularly in demand-led services and inflationary cost increases. These pressures reinforce the importance of delivering the Medium-Term Financial Strategy over the coming years.

Further detail on the Council's financial performance is set out in the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and supporting notes.

## Narrative Report

General Fund	Budget £'000	Actual £'000	Variance £'000
People & Resilience	179,369	197,856	18,487
Housing, Environment and Communities	24,737	24,726	(11)
Resources	12,439	9,444	(2,995)
Strategy	4,956	3,453	(1,503)
Inclusive Growth	3,586	3,436	(150)
HR and OD	398	195	(203)
<b>Subtotal: Net Department Costs</b>	<b>225,485</b>	<b>239,110</b>	<b>13,625</b>
Central Expenses	18,436	10,249	(8,187)
Treasury Management and Capital Financing (including MRP)	(19,462)	(22,701)	(3,239)
Levies Paid	17,046	14,875	(2,171)
Investment and Acquisition Strategy (IAS)	(2,802)	(2,802)	0
<b>Subtotal: Corporate</b>	<b>13,218</b>	<b>(379)</b>	<b>(13,597)</b>
Core Funding	(238,703)	(238,453)	250
<b>General Fund Net Total</b>	<b>0</b>	<b>278</b>	<b>278</b>

### Dedicated Schools Grant

The Dedicated Schools Grant (DSG) allocation for 2025/26, after Department for Education (DfE) deductions for academy recoupments, high needs commissioned places and schools business rates, was £310,504k.

Actual expenditure totalled £314,520k, resulting in a net overspend of £4,016k. This was primarily driven by pressures within the High Needs Block, which reported an overspend of £5,520k. These pressures reflect increased demand for services, including mainstream top-up funding, Post-16 top-ups, home tuition and outreach services, Special Educational Need and Disabilities (SEND) commissioned services for new arrivals and additional support base provision.

The Early Years Block reported a net underspend of £1,504k. This reflects funding to support children with SEND in early years settings, aligned to the approach taken in other year groups, including nurseries and reception. The final position is subject to potential clawback, which will be confirmed by the DfE in July.

The table below shows the DSG position for the year.

Dedicated Schools Grant Account	Funding £'000	Actual £'000	Variance £'000
Schools Block	212,714	212,714	0
Central Services Block	2,237	2,237	0
High Needs Block	56,995	62,515	5,520
Early Years Block	38,560	37,055	(1,504)
<b>Net Underspend (-) / Overspend (+) for the Year</b>	<b>310,505</b>	<b>314,521</b>	<b>4,016</b>

## Narrative Report

Dedicated Schools Grant Account	Funding £'000	Actual £'000	Variance £'000
DSG Reserves Brought forward			(1,467)
<b>DSG Reserve Balance as at 31 March 2026</b>			<b>2,549</b>

This position is reflected in the relevant statements and notes within the financial statements.

### Housing Revenue Account

The Housing Revenue Account (HRA) outturn position for 2025/26 was a break-even position, summary of which is set out below.

Housing Revenue Account	Budget £'000	Actual £'000	Variance £'000
Housing Management	48,581	50,886	2,305
Repairs & Maintenance	28,702	27,016	(1,686)
Capital Financing Costs	42,699	46,375	3,676
Other Costs	7,395	5,160	(2,235)
<b>Total Expenditure</b>	<b>127,377</b>	<b>129,436</b>	<b>2,059</b>
Dwelling Rents	(97,100)	(97,488)	(388)
Service Charges	(28,471)	(29,269)	(798)
Other Income	(1,806)	(2,679)	(873)
<b>Total Income</b>	<b>(127,377)</b>	<b>(129,436)</b>	<b>(2,059)</b>
<b>Total Net (Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

This position is reflected in the relevant statements and notes within the financial statements.

### Useable Reserves and Balances

The overall useable reserves and balances position is summarised in the table below.

Reserve and Balances Summary	Opening Balance 1 April 2025 £'000	Movement In Year £'000	Closing Balance 31 March 2026 £'000
General Reserve	(14,869)	278	(14,591)
Ring-fenced Reserves	(99,179)	3,185	(95,994)
Non Ring-fenced Reserves	(16,587)	5,168	(11,419)
<b>Subtotal: General Fund</b>	<b>(130,635)</b>	<b>8,631</b>	<b>(122,004)</b>
HRA General Reserve	(26,179)	0	(26,179)
HRA Ring-fenced reserves	(24,450)	(24,191)	(48,641)
<b>Subtotal: HRA</b>	<b>(50,629)</b>	<b>(24,191)</b>	<b>(74,820)</b>
School Reserves	(9,354)	7,991	(1,363)
Capital Reserves	(53,021)	(24,374)	(77,395)

## Narrative Report

Reserve and Balances Summary	Opening Balance 1 April 2025 £'000	Movement In Year £'000	Closing Balance 31 March 2026 £'000
Total Useable Reserves and Balance	(243,639)	(31,943)	(275,582)

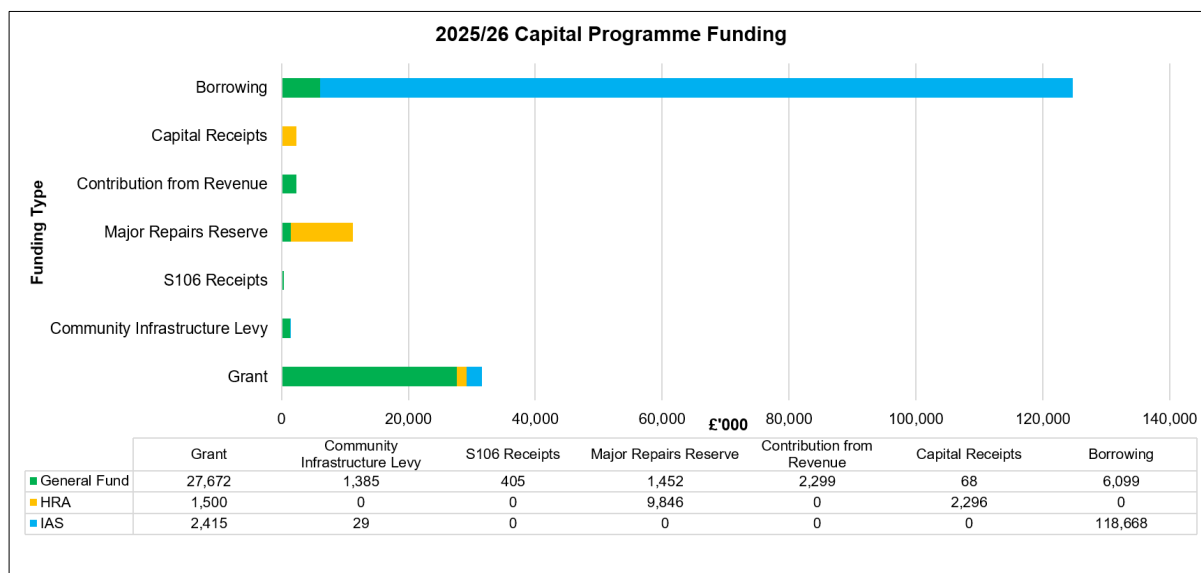
The movements in reserves outlined above are reflected in the Movement in Reserves Statement and the notes to the financial statements.

### Capital Programme

The final Capital Programme budget for 2025/26 was £196,122k, with an outturn of £174,134k. Expenditure was primarily delivered through Investment and Acquisition Strategy programme (£121,111k), the General Fund (£39,380k) and the Housing Revenue Account (£13,642k). The table below provides a summary of the capital programme outturn.

Capital Programme	Budget £'000	Actual £'000	Variance £'000
General Fund	44,180	39,380	(4,800)
Housing Revenue Account	30,642	13,642	(17,000)
Investment and Acquisition Strategy (IAS)	121,300	121,112	(188)
<b>Total</b>	<b>196,122</b>	<b>174,134</b>	<b>(21,988)</b>

Capital expenditure was primarily funded through borrowing (£124,767k), particularly in relation to the Investment and Acquisition Strategy, with additional contributions from grants (£31,587k), reserves (£11,298k), receipts and other contributions (£6,481k), as illustrated in the chart below.



### Pension Fund Account

The Fund's investment return in 2025/26 was 11.88%, 0.1% lower than the benchmark. The 3-year return was 9.49%, 1.3% below the benchmark. However, based upon independent data, the Fund outperformed the Local Authority Average over both 1 and 3 years, ranking in

# Narrative Report

the top quartile over 1 year and top decile over 3 years. (LBBB pension fund performed in the top 10% of other Local Authorities over a 3-year period).

The Fund has focussed heavily on meeting the Government's new requirements for 100% of Pension Funds to be pooled by 31 March 2026 under the management of the London Collective Investment Vehicle (LCIV). Barnett Waddingham, the Fund's actuary, undertook a triennial actuarial valuation as at 31 March 2025. The overall funding level increased from 101% to 108%, reflecting good investment performance and enabling the actuary to set lower employer contribution rates for some employers, including the Council.

## Future Outlook

### General Fund Medium Term Financial Strategy

The Council's Medium Term Financial Strategy (MTFS) provides the framework for aligning available resources with the Council's strategic priorities and for managing financial risks over the medium term. The MTFS is reviewed annually, with updates considered during the summer and autumn as part of the budget-setting cycle. The first year of the strategy forms the basis of the annual budget, which is approved by Full Council in February (previously Assembly) before the start of the coming financial year.

The current MTFS covers a five-year period and reflects the expected impact of demographic change, demand-led pressures, inflation, pay awards, service pressures and government funding reforms. It also includes provision for investment in priority areas, including front-line services across People & Resilience, Inclusive Growth & Place, and Housing, Environment & Communities, and specific Member priorities such as community engagement.

The strategy continues to require the identification and delivery of savings, demand management measures and cost reduction plans. These are developed, implemented, monitored and reviewed throughout the MTFS cycle to support the Council's overall financial sustainability.

The General Fund budget for 2026/27 has been approved, and the MTFS reflects the implications of the Governments Fair Funding Review 2.0 and Business Rates Reset. While these reforms have improved the alignment of funding with assessed need, the Council continues to face significant financial pressures linked to service demand, inflation and the cost of supporting vulnerable residents.

While the 2026/27 budget has been balanced, the MTFS forecast a widening budget gap over the planning period, reflecting structural financial pressures. Key risks include continued demand growth in statutory services, inflationary and pay pressures, uncertainty in future government funding, and the need to deliver planned savings and transformation programmes. Additional risks arise from the Council's exposure to borrowing and investment activity, and reduced headroom within reserves.

Addressing these challenges will require continued focus on demand management, cost control, and delivery of the MTFS to support the Council's long-term financial sustainability.

The MTFS position as reported to Full Council in February 2026 is summarised below.

Medium Term Financial Strategy as at February 2026	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Budget Gap (Cumulative before reserve funding)	0	6,158	15,028	43,814	85,352

## Narrative Report

Medium Term Financial Strategy as at February 2026	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Reserve Funding	0	0	0	0	0
Budget Gap (Cumulative after use of reserves)	0	6,158	15,028	43,814	85,352

### Housing Revenue Account 30 Year Business Plan

The Council's Housing Revenue Account (HRA) Business Plan sets out the long-term approach to maintaining and improving the housing stock while ensuring the financial sustainability of the HRA. Regular review of the HRA Business Plan is essential to ensure that sufficient funding is available to deliver safe, well-maintained and affordable homes for residents.

The plan reflects the significant level of investment required to maintain the housing stock, with estimated costs of approximately £1.83bn over 30 years. This investment is necessary to meet the Decent Homes Standard, comply with evolving building safety and regulatory requirements, and respond to increasing expectations from tenants and the Regulator of Social Housing.

To support this level of investment, the Council approved rent increase for 2026/27 within the permitted limits in line with Government policy, ensuring the continued financial resilience of the HRA while prioritising investment in the safety and condition of homes and neighbourhoods. Increased expenditure on repairs and maintenance reflects both the condition of the housing stock and the impact of new legislative requirements, including Awaab's Law, alongside wider cost pressures in the repairs and construction sectors.

The table below summarises the HRA MTFS as reported to Cabinet in December 2025.

Housing Revenue Account MTFS as at December 2025	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Gross Expenditure	129,871	127,053	129,732	132,261	173,228
Income	(130,242)	(133,770)	(138,005)	(142,421)	(148,849)
Total Net (Surplus)/Deficit	(371)	(6,717)	(8,273)	(10,160)	24,379
Transfer to/(from) HRA reserves	371	6717	8,273	10,160	(24,379)
<b>HRA Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Summarised below are key risks that could impact the long-term sustainability of the HRA which will be considered as part of next year's budget process:

- Legislative reforms, including the Social Housing (Regulation) Act 2023, are focused on strengthening tenants' rights and improving the quality of social homes. Further legislative change is planned for an update to the Decent Homes Standard which is expected to increase regulatory requirements and may necessitate additional investment in compliance, staffing, and service delivery.
- Rising demand linked to voids, disrepair claims, and damp and mould reports alongside evolving regulatory standards, continues to drive up costs. There is a risk that future changes in expectations or provider arrangements could further increase expenditure.

## Narrative Report

- Cost of Living Impact - economic pressures are contributing to higher levels of rent arrears and bad debt risk. Targeted support and enhanced arrears management will be required to mitigate financial exposure and support vulnerable households.

### Financial Statements

#### Statutory Dates

The Accounts and Audit Regulations 2015 set out the statutory deadlines for an authority to publish both the unaudited Statement of Accounts by 31 May and audited Statement of Accounts by 31 July.

The government launched a consultation on amendments to these regulations to reflect proposals to clear the backlog in the publication of audited accounts and put the local audit system onto a sustainable footing. The consultation concluded in March 2024 and the resulting legislative changes for financial years 2024/25 to 2027/28 state the date by which Category 1 bodies, including the Council should publish draft (unaudited) accounts by 30 June following the financial year to which they relate.

#### Statement Structure and Standards

The Statement of Accounts presents the Council's financial position for the year ending 31 March 2026. The accounts have been prepared in accordance with the 2025/26 Code of Practice on Local Authority Accounting in the United Kingdom, which is based on International Financial Reporting Standards (IFRS).

Further details on the structure and purpose of each financial statement is set out below:

##### a) Explanatory Statements

- **Narrative Report:** this provides an overview of the Council's performance, financial position and key achievements during the year. It explains the main factors affecting the Council, how resources have been used to deliver its priorities, and highlights the key risks and future challenges.

The Narrative Report should be read alongside the financial statements, which provide detailed information on the Council's financial performance and position during the year.

- **Statement of Responsibilities:** sets out the responsibilities of the Council and its Strategic Director of Resources (Section 151 Officer) in relation to preparing the Statement of Accounts.

##### b) Core Statements

- **Comprehensive Income and Expenditure Statement:** records all income and expenditure for the year in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (or rents) to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. The top half of the statement provides an analysis by service area, while the bottom half of reflects corporate transactions and funding.
- **Movement in Reserves Statement:** provides a summary of the changes to the Council's reserves (useable and unusable) over the course of the year. Usable reserves

## Narrative Report

can be used to provide services, subject to statutory limitations on their use and the need to maintain a prudent level of reserves for financial stability. Unusable reserves must be set aside for specific legal or accounting purposes and cannot be used to fund Council services (e.g. the Capital Adjustment Account; Revaluation Reserve; Pension Reserve). The statement shows how the movements of reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amount's chargeable to Council Tax (or rents) for the year. The net increase/decrease line shows the General Fund balance and Housing Revenue Account balance movements in the year following those adjustments.

- **Balance Sheet:** is a 'snapshot' of the Council's assets, liabilities, cash balances and reserves at the year-end date. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories as below;
  - Usable reserves – are reserves which can be used to provide services, subject to statutory limitations on their use and the need to maintain a prudent level of reserves for financial stability. For example the capital receipts reserve may only be used to fund capital expenditure or repay debt.
  - Unusable reserves – are reserves set aside for specific legal or accounting purposes and cannot be used to fund Council services. For example the Capital Adjustment Account, Revaluation Reserve and the Pension Fund Reserve.
- **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 activities - this is a key indicator of the extent to which the operations of the Council are funded by way of taxation (or rents) 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.
  - Financing activities - are useful in predicting claims on future cash flows by providers of capital (i.e. Council borrowing).

### c) Notes to the Core Financial Statements

The notes to the financial statements provide further detail about the Council's accounting policies and individual transactions. They explain the basis of the figures included in the accounts. The accounts can only be properly appreciated if the policies, accounting estimates and judgements, which have been followed in dealing with material items, are explained.

### d) Accounting Policies

The accounting policies are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting the financial statements.

### e) Supplementary Statements

## Narrative Report

- **Housing Revenue Account:** this separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989. It shows the major elements of housing revenue expenditure - maintenance, administration and capital financing costs and how these are met from rents, subsidy and other income.
- **Collection Fund Account:** summarises the collection and redistribution of Council Tax and Non-Domestic Rates (also known as Business Rates) income. The London Borough of Barking & Dagenham acts as an agent in the collection of Council Tax and Non-Domestic Rates on behalf of other precepting authorities. As such the Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund.
- **Pension Fund Account:** report the contributions received, payments to pensioners and the value of net assets invested in the Local Government Pension Scheme (LGPS). The Fund is financed by contributions from Members, employers and from interest and dividends on the Fund's investments.

### f) Group Accounts

Group accounts are prepared where the Council has control or significant influence over subsidiaries, associates and joint ventures. The Council's core financial statements are consolidated with these entities, where material, in accordance with accounting standards.

In preparing the group accounts, intra-group transactions, balances, income and expenditure are eliminated on consolidation.

### g) Annual Governance Statement

The Annual Governance Statement sets out the Council's governance framework and key internal controls. It summarises the systems and processes, culture and values through which the Council is directed and controlled, and by which it accounts to, engages with and, where appropriate, leads the community.

The Statement identifies any governance gaps or weaknesses and sets out actions to address them.

### h) Glossary

A Glossary of key terms can be found at the end of this publication.

# Statement of Responsibilities

## The Council's Responsibilities

The Council is required to:

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

## The Strategic Director of Resources (Section 151 Officer)'s Responsibilities

The Strategic Director of Resources (Section 151 Officer) is responsible for the preparation of the Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Strategic Director of Resources (Section 151 Officer) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Council's [and the Group's] ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Council [and the Group] will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the London Borough of Barking & Dagenham as at 31 March 2026 and its income and expenditure for the year then ended, and that the Pension Fund accounts set out a true and fair view of the net assets of the London Borough of Barking & Dagenham Pension Fund as at 31 March 2026 and its income and expenditure for the year then ended.



**Richard Harbord**

**Strategic Director of Resources (Section 151 officer)**

**Date: 30 June 2026**

# Statement of Responsibilities

## Chair's Approval of Statement of Accounts

This is the Annual Financial Report, incorporating the Statement of Accounts with all audit activities completed. The Audit and Risk Committee of the London Borough of Barking and Dagenham at its meeting on xx xxx 20xx authorised the Chair to approve the Statement of Accounts.

**Councillor Dorothy Akwaboah**

**Chair of Audit and Risk Committee**

**Date: xx xxx 20xx**

# Independent Auditors Report

## Independent Auditor's Report to the Members of the London Borough of Barking & Dagenham on the Council's Statement of Accounts

*To be added upon conclusion of audit*

## Independent Auditors Report

### Independent Auditor's Report to the Members of the London Borough of Barking & Dagenham on the Pension Fund Financial Statements

*To be added upon conclusion of audit*

# CORE FINANCIAL STATEMENTS



## Single Entity Comprehensive Income and Expenditure Statement

	2024/25				2025/26		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
	286,491	(111,527)	174,964	People & Resilience	316,444	(116,270)	200,174
	43,493	5,157	48,650	Corporate Items	35,339	(18,208)	17,132
	1,989	(1,396)	593	HR & OD	4,220	(4,185)	35
	5,126	(1,834)	3,291	Strategy	9,663	(5,839)	3,824
	21,451	(17,383)	4,068	Inclusive Growth	25,669	(22,651)	3,018
	217,879	(182,229)	35,650	Housing, Environment & Communities	120,647	(96,414)	24,233
	87,759	(77,732)	10,027	Resources	92,102	(79,942)	12,159
	69,049	(95,951)	(26,902)	Housing Revenue Account (HRA)	102,759	(123,679)	(20,920)
	353,543	(343,960)	9,583	Dedicated Schools Grant (DSG)	383,513	(376,181)	7,332
	<b>1,086,780</b>	<b>(826,855)</b>	<b>259,925</b>	<b>Cost of Services</b>	<b>1,090,355</b>	<b>(843,369)</b>	<b>246,987</b>
			3,796	Other Operating Expenditure (Note 5)			(6,284)
			(77,289)	Financing and Investment Income and Expenditure (Note 6)			40,101
			(234,902)	Taxation and Non-specific Grant Income (Note 7)			(270,209)
			<b>(48,470)</b>	<b>Deficit/ (Surplus) on Provision of Services</b>			<b>10,596</b>
			(112,595)	Deficit / (Surplus) on Revaluation of Property, Plant & Equipment Assets			(25,780)
			10,185	Re-measurement of the Net Defined Benefit Liability/(Asset) (Note 30)			4,173
			(102,410)	Other Comprehensive Income and Expenditure			(21,607)
			<b>(150,880)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(11,011)</b>

## Movement in Reserves Statement

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2024</b>	<b>(148,456)</b>	<b>(28,570)</b>	<b>(68,051)</b>	<b>(20,171)</b>	<b>(2,778)</b>	<b>(268,027)</b>	<b>(2,238,152)</b>	<b>(2,506,179)</b>
<b>Movement in reserves during 2024/25</b>								
Total Comprehensive Income and Expenditure	(20,412)	(28,058)	-	-	-	(48,470)	(102,410)	(150,880)
Adjustments between accounting basis & funding basis under regulations (Note 3)	28,877	14,704	29,922	5,280	(5,925)	72,858	(72,858)	-
<b>(Increase)/Decrease</b>	<b>8,465</b>	<b>(13,354)</b>	<b>29,922</b>	<b>5,280</b>	<b>(5,925)</b>	<b>24,388</b>	<b>(175,268)</b>	<b>(150,880)</b>
<b>Balance at 31 March 2025</b>	<b>(139,991)</b>	<b>(41,924)</b>	<b>(38,129)</b>	<b>(14,892)</b>	<b>(8,703)</b>	<b>(243,639)</b>	<b>(2,413,420)</b>	<b>(2,657,059)</b>
<b>Movement in reserves during 2025/26</b>								
Total Comprehensive Income and Expenditure	53,123	(42,527)				<b>10,596</b>	(21,607)	<b>(11,011)</b>
Adjustments between accounting basis & funding basis under regulations (Note 3)	(36,501)	39,788	(23,927)	(447)	(21,453)	<b>(42,539)</b>	42,539	-
<b>(Increase)/Decrease</b>	<b>16,622</b>	<b>(2,739)</b>	<b>(23,927)</b>	<b>(447)</b>	<b>(21,453)</b>	<b>(31,943)</b>	<b>20,932</b>	<b>(11,011)</b>
<b>Balance at 31 March 2026</b>	<b>(123,369)</b>	<b>(44,663)</b>	<b>(62,056)</b>	<b>(15,339)</b>	<b>(30,156)</b>	<b>(275,582)</b>	<b>(2,392,489)</b>	<b>(2,668,071)</b>
<b>General Fund analysed over:</b>	<b>2025/26</b>	<b>2024/25</b>	<b>Housing Revenue Account analysed over:</b>			<b>2025/26</b>	<b>2024/25</b>	
Amounts earmarked (Note 4)	(108,778)	(120,658)	Amounts earmarked (Note 4)			(18,485)	(15,745)	
Amounts uncommitted	(14,591)	(19,333)	Amounts uncommitted			(26,178)	(26,179)	
<b>Total GF Balance at 31 March</b>	<b>(123,369)</b>	<b>(139,991)</b>	<b>Total HRA Balance at 31 March</b>			<b>(44,683)</b>	<b>(41,924)</b>	

# Single Entity Balance Sheet

31 March 2025 £000		Note	31 March 2026 £000
3,631,547	Property, Plant and Equipment	8/9	3,611,878
8,488	Heritage Assets	10	9,761
537,945	Investment Property	11	536,896
220	Long Term Investments	12	210
440,403	Long Term Debtors	12	523,814
<b>4,618,592</b>	<b>Long Term Assets</b>		<b>4,682,560</b>
40,300	Short Term Investments	12	35,650
-	Assets Held for Sale		-
124	Inventories		124
106,586	Short Term Debtors	13	129,807
15,925	Cash and Cash Equivalents	14	12,246
<b>162,934</b>	<b>Current Assets</b>		<b>177,827</b>
(1,581)	Cash and Cash Equivalents	14	(1,216)
(569,982)	Short Term Borrowing	12	(311,500)
(132,325)	Short Term Creditors	15	(129,322)
(168)	Receipts in Advance - Grants		(955)
(4,663)	Provisions	16	(6,624)
<b>(708,735)</b>	<b>Current Liabilities</b>		<b>(449,616)</b>
(953,723)	Long Term Borrowing	12	(1,301,856)
(284,124)	Other Long Term Creditors	12	(282,155)
(148,250)	Receipts in Advance - Grants	25	(142,966)
(6,138)	Long Term Provisions	16	(5,421)
(23,512)	Pensions Liability	32	(10,301)
(1,415,748)	<b>Long Term Liabilities</b>		(1,742,699)
<b>2,657,060</b>	<b>Net Assets</b>		<b>2,668,071</b>
(243,639)	Usable Reserves	17	(274,176)
(2,413,421)	Unusable Reserves	18	(2,423,206)
<b>(2,657,060)</b>	<b>Total Reserves</b>		<b>(2,688,071)</b>

I confirm that the statement of accounts presents a true and fair view of the financial position as at 31 March 2026 and its income and expenditure for the year then ended.



**Richard Harbord**

**Strategic Director of Resources (Section 151 officer)**

**Date: 30 June 2026**

# Single Entity Cash Flow Statement

2024/25 £000		Note	2025/26 £000
48,470	Net Surplus or (Deficit) on the Provision of Services		(10,596)
118,069	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-cash Movements	19a	128,302
(231,475)	Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	19a	(190,285)
(64,936)	<b>Net Cash Flows from Operating Activities</b>		<b>(72,579)</b>
(107,696)	Investing Activities	19b	2,748
179,063	Financing Activities	19c	66,518
6,431	<b>Net Increase or Decrease in Cash and Cash Equivalents</b>		<b>(3,313)</b>
7,911	Cash and Cash Equivalents at the beginning of the Reporting Period	14	14,343
14,343	<b>Cash and Cash Equivalents at the end of the Reporting Period</b>		<b>11,030</b>

# NOTES TO CORE FINANCIAL STATEMENTS



# Notes to Core Financial Statements

## Contents

1.	Expenditure and Funding Analysis .....	35
2.	Expenditure & Income Analysed by Nature .....	37
3.	Adjustments Between Accounting and Funding Basis .....	38
4.	Transfers to / (from) Earmarked Reserves .....	41
5.	Other Operating Expenditure .....	42
6.	Financing and Investment Income and Expenditure.....	42
7.	Taxation and Non-Specific Grant Income .....	43
8.	Property, Plant and Equipment .....	43
9.	Infrastructure Assets .....	48
10.	Heritage Assets .....	48
11.	Investment Properties .....	50
12.	Financial Instruments.....	52
13.	Debtors.....	61
14.	Cash and Cash Equivalents.....	62
15.	Creditors.....	62
16.	Provisions.....	62
17.	Usable Reserves .....	63
18.	Unusable Reserves.....	63
19.	Cash Flow Notes .....	67
20.	Pooled Budgets .....	68
21.	Members Allowances.....	69
22.	Senior Officers' Remuneration (including Teachers).....	69
23.	External Audit costs .....	73
24.	Dedicated Schools Grant (DSG).....	74
25.	Grant Income .....	74
26.	Related Parties .....	76
27.	Capital expenditure and Financing .....	81
28.	Leases .....	82
29.	Private Finance Initiatives and similar contracts .....	84
30.	Pension Schemes accounted for as Defined Contribution Schemes.....	86
31.	Defined Benefit Pension Schemes.....	87

## Notes to Core Financial Statements

32.	Accounting standards that have been issued but not yet adopted.....	93
33.	Critical Judgements in Applying Accounting Policies .....	93
34.	Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty.....	96
35.	Events after the Reporting Period.....	97
36.	Contingent Assets and Liabilities .....	97
37.	Statement of Accounting Policies .....	97

# Notes to Core Financial Statements

## 1. Expenditure and Funding Analysis

Net Expenditure Chargeable to the General Fund and HRA Balances	2024/25		Net Expenditure in the CIES		2025/26		Net Expenditure in the CIES
	Adjustments between the Funding and Accounting Basis				Adjustments between the Funding and Accounting Basis		
£000	£000	£000			£000	£000	£000
186,440	(11,475)	174,964	People & Resilience		180,290	19,884	200,174
(2,773)	51,422	48,650	Corporate Items		(23,686)	40,818	17,132
507	86	593	HR & OD		(52)	86	35
3,214	77	3,291	Strategy		3,751	73	3,824
2,831	1,237	4,068	Inclusive growth		1,811	1,207	3,018
21,477	14,173	35,650	Housing, Environment & Communities		25,168	(935)	24,233
9,353	674	10,027	Resources		11,674	485	12,159
(23,386)	(3,517)	(26,902)	Housing Revenue Account (HRA)		(8,165)	(12,755)	(20,920)
9,583	-	9,583	Dedicated Schools Grant (DSG)		7,332	0	7,332
<b>207,245</b>	<b>52,678</b>	<b>276,252</b>	<b>Net Cost of Services</b>		<b>198,124</b>	<b>48,863</b>	<b>246,987</b>
14,685	(10,890)	3,796	Other Operating Expenditure (Note 5)		12,474	(18,758)	(6,284)
(9,439)	(67,850)	(77,289)	Financial and Investment Income and expenditure (Note 6)		37,753	2,348	40,101
(217,381)	(17,521)	(234,902)	Taxation & Non-specific Grant Income and Expenditure (Note 7)		(234,469)	(35,740)	(270,209)
<b>(4,889)</b>	<b>(43,582)</b>	<b>(48,470)</b>	<b>(Surplus)/Deficit on Provision of Services</b>		<b>13,883</b>	<b>(3,287)</b>	<b>10,596</b>
(177,026)			Opening General Fund and HRA Balance		(181,915)		
(4,889)			Less/Plus Surplus or Deficit on General Fund and HRA balance in year		13,883		
<b>(181,915)</b>			<b>Closing General Fund and HRA Balance at 31 March</b>		<b>(168,032)</b>		

# Notes to Core Financial Statements

## Adjustment between Funding and Accounting Basis 2025/26

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement (CIES) amounts	Adjustments for Capital Purposes (Note i)	Net change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Total Adjustments
	£000	£000	£000	£000
People & Resilience	19,884	0	0	19,884
Corporate Items	56,762	(16,054)	109	40,818
HR & OD	86	0	0	86
Strategy	73	0	0	73
Inclusive growth	1,207	0	0	1,207
Housing, Environment & Communities	10,466	0	(11,401)	(935)
Resources	485	0	0	485
Housing Revenue Account (HRA)	(11,494)	(1,330)	69	(12,755)
Dedicated Schools Grant (DSG)	0	0	0	0
<b>Net Cost of Services</b>	<b>77,471</b>	<b>(17,384)</b>	<b>(11,223)</b>	<b>48,863</b>
Other Operating Expenditure	(18,758)			(18,758)
Finance & Investment I&E	2,348			2,348
Taxation and Non-specific Grant I&E	(34,442)		(1,298)	(35,740)
<b>Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services</b>	<b>26,619</b>	<b>(17,384)</b>	<b>(12,521)</b>	<b>(3,287)</b>

## Adjustment between Funding and Accounting Basis 2024/25

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement (CIES) amounts	Adjustments for Capital Purposes (Note i)	Net change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Total Adjustments
	£000	£000	£000	£000
People & Resilience	(11,475)	0	0	(11,475)
Corporate Items	69,005	(17,583)	0	51,422
HR & OD	86	0	0	86
Strategy	77	0	0	77
Inclusive growth	1,237	0	0	1,237
Housing, Environment & Communities	13,388	(803)	1,588	14,173
Resources	674	0	0	674
Housing Revenue Account (HRA)	(3,424)	0	(91)	(3,516)
Dedicated Schools Grant (DSG)	0	0	0	0
<b>Net Cost of Services</b>	<b>69,569</b>	<b>(18,386)</b>	<b>1,497</b>	<b>52,680</b>
Other Operating Expenditure	(10,890)	0	0	(10,890)
Finance & Investment I&E	(67,850)	0	0	(67,850)
Taxation and Non-specific Grant I&E	(18,016)	0	494	(17,521)
<b>Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services</b>	<b>(27,187)</b>	<b>(18,386)</b>	<b>1,991</b>	<b>(43,582)</b>

### Note (i) - Adjustments for Capital Purposes

Adjustments for capital purposes - this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

# Notes to Core Financial Statements

**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 ie Minimum Revenue Provision and other Revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivables in the year to those receivables 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.

## Note (ii) - Net Change for the Pension Adjustments

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

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

## Note (iii) - Other Differences

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

- or **services** this represents a portion of salaries that relate to unused entitlement of accumulated leave on 31 March.

## 2. Expenditure & Income Analysed by Nature

	2025/26 £'000	2024/25 £'000
<b>Expenditure</b>		
Employees benefit Expenses	429,642	407,185
Other Service expenses	553,963	519,820
Depreciation and amortisation	81,725	60,537
Interest Payments	36,549	49,960
Precept and Levies	14,875	14,685
Payment to Housing Capital Receipts Pool	-	-
Loss on the disposal of assets	-	-
<b>Total Expenditure</b>	<b>1,116,755</b>	<b>1,051,887</b>
<b>Income</b>		
Fees, charges and other service income	(312,411)	(369,771)
Interest and investment income	(31,456)	(17,471)
Income from council tax and non-domestic rates	(121,107)	(107,338)
Dividend income	0	(7,508)
Government grants and contributions	(622,426)	(587,380)
Gain on the disposal of assets	(18,758)	(10,890)
<b>Total Income</b>	<b>(1,106,158)</b>	<b>(1,100,357)</b>
<b>Surplus/Deficit on the Provision of Services</b>	<b>10,596</b>	<b>(48,470)</b>

# Notes to Core Financial Statements

## 3. Adjustments Between Accounting and Funding Basis

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority 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 the 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. 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.

### 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 authority 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 Core Financial Statements

## Adjustments between accounting basis and funding basis under regulations (con't)

2025/26	Usable Reserves					Total £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	
<b>Adjustment to Revenue Reserve</b>						
<i>Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pension costs (transferred to/from the Pensions Reserve)	16,054	1,330	0	0	0	17,384
Council tax and NDR (transfers to/from Collection Fund Adjustment Account)	1,298	0	0	0	0	1,298
Holiday pay (transferred to the Accumulated Absences Reserve)	(109)	(69)	0	0	0	(178)
Charges for depreciation and impairment of non-current assets	(61,632)	0	0	0	(20,092)	(81,725)
Revaluation losses on Property Plant and Equipment	10,213	(1,164)	0	0	0	9,049
Movements in the market value of Investment Properties	(2,423)	75	0	0	0	(2,348)
Amortisation of intangible assets	0	0	0	0	0	0
Capital grants and contributions recognised	32,836	1,607	0	(34,442)	0	0
Revenue expenditure funded from capital under statute	(33,682)	0	0	0	0	(33,682)
Amounts of Non Current Assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	108,658	47,186	(155,843)	0	0	0
<b>Total</b>	<b>71,212</b>	<b>48,964</b>	<b>(155,843)</b>	<b>(34,442)</b>	<b>(20,092)</b>	<b>(90,202)</b>
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(115,251)	(21,834)	0	0	0	(137,085)
Posting of HRA resources from revenue to the Major Repairs Reserve	0	0	0	0	0	0
Statutory provision for the repayment of debt and repayment of CFR	30,628	0	0	0	0	30,628
IFRS16 Lease Remeasurements	(26,133)	0	0	0	0	(26,133)
Loan repayments treated as capital receipts	0	0	(1,253)	0	0	(1,253)
Capital expenditure financed from revenue balances.	3,043	12,658	0	0	(12,658)	3,043
<b>Total</b>	<b>(107,713)</b>	<b>(9,176)</b>	<b>(1,253)</b>	<b>0</b>	<b>(12,658)</b>	<b>(130,800)</b>
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	24,875	0	0	24,875
Repayment of CFR using Capital Receipts	0	0	108,294	0	0	108,294
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	0	11,298	11,928
Application of capital grants to finance capital expenditure.	0	0	0	33,995	0	33,995
<b>Total</b>	<b>0</b>	<b>0</b>	<b>133,169</b>	<b>33,995</b>	<b>11,298</b>	<b>178,462</b>
<b>Total Adjustments</b>	<b>(36,501)</b>	<b>39,788</b>	<b>(23,927)</b>	<b>(447)</b>	<b>(21,453)</b>	<b>(42,539)</b>

## Notes to Core Financial Statements

2024/25	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total
	£000	£000	£000	£000	£000	£000
<i>Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pension costs (transferred to/from the Pensions Reserve)	12,624	803	-	-	-	13,427
Council tax and NDR (transfers to/from Collection Fund Adjustment Account)	(494)	-	-	-	-	(494)
Holiday pay (transferred to the Accumulated Absences Reserve)	(1,588)	91	-	-	-	(1,497)
Charges for depreciation and impairment of non-current assets	(41,048)	(19,489)	-	-	-	(60,537)
Revaluation losses on Property Plant and Equipment	(23,267)	(1,775)	-	-	-	(25,042)
Movements in the market value of Investment Properties	82,129	403	-	-	-	82,532
Amortisation of intangible assets	-	-	-	-	-	-
Capital grants and contributions recognised	23,802	298	-	(24,100)	-	-
Revenue expenditure funded from capital under statute	(56,350)	-	-	-	-	(56,350)
Amounts of Non Current Assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	(188,459)	(8,172)	-	-	-	(196,631)
<b>Total</b>	<b>(192,651)</b>	<b>(27,841)</b>	<b>-</b>	<b>(24,100)</b>	<b>-</b>	<b>(244,592)</b>
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	189,664	17,857	(207,521)	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	19,489	-	-	(19,489)	-
Statutory provision for the repayment of debt and repayment of CFR	28,435	-	-189,972	-	-	218,407
Loan repayments treated as capital receipts	-	-	(502)	-	-	(502)
Capital expenditure financed from revenue balances.	3,428	5,199	-	-	-	8,628
<b>Total</b>	<b>221,528</b>	<b>42,545</b>	<b>(18,051)</b>	<b>-</b>	<b>(19,489)</b>	<b>226,533</b>
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	47,973	-	-	47,973
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	-	13,564	13,564
Application of capital grants to finance capital expenditure.	-	-	-	-	-	29,380
<b>Total</b>	<b>-</b>	<b>-</b>	<b>47,973</b>	<b>-</b>	<b>13,564</b>	<b>280,889</b>
<b>Total Adjustments</b>	<b>28,877</b>	<b>14,704</b>	<b>29,922</b>	<b>29,380</b>	<b>(5,925)</b>	<b>72,857</b>

# Notes to Core Financial Statements

## 4. Transfers to / (from) Earmarked Reserves

This note sets out the amounts set aside from the General Fund (GF) and Housing Revenue Account (HRA) balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet GF and HRA expenditure in 2025/26.

	Balance at 31/03/2024 £000	Transfers in £000	Transfers out £000	Balance at 31/03/2025 £000	Transfers in £000	Transfers out £000	Balance at 31/03/2026 £000
<b>General Fund</b>							
Balances held by schools under a scheme of delegation:							
- Local Management of Schools*	(10,720)	0	5,512	(5,208)	0	6,416	1,208
- Dedicated Schools Grant*	(7,955)	0	5,385	(2,570)	(456)	4,016	2,294
- DSG - Stabilization Grant*	0	0	0	0	(2,294)	0	(2,294)
- Non DSG Education Grant Reserve	(935)	0	0	(935)	0	0	(935)
PFI reserve*	(14,047)	0	170	(13,877)	0	159	(13,717)
Budget Support *	(15,398)	(9,566)	747	(24,217)	(1,761)	495	(33,293)
Collection Fund Equalisation Reserve	(5,072)	0	187	(4,885)	(1,624)	1,178	(5,331)
Capital Investment Reserve	(779)	0	779	0	0	0	0
Investment Reserve	(16,168)	(779)	8,424	(8,523)	0	8,523	(0)
Education, Youth and Childcare	(950)	(221)	263	(908)	(61)	52	(916)
Insurance	(3,390)	(1,081)	0	(4,471)	0	0	(4,472)
Service Grant C/F	(7,872)	(1,543)	2,031	(7,384)	(1,347)	4,150	(4,582)
Departmental Reserves	(2,911)	(112)	574	(2,448)	(776)	140	(3,084)
Corporate Infrastructure	(858)	0	94	(764)	0	0	(764)
Public Health	(1,946)	(1,628)	0	(3,574)	(24)	0	(3,598)
CR27 Hotel Deal Reserve	(11,000)	0	0	(11,000)	0	283	(5,217)
LEP Housing Rental Reserves	(920)	0	0	(920)	(3,800)	0	(4,720)
Parking Reserve (On Street)	(7,526)	0	4,999	(2,527)	0	1,991	(806)
Levy Trading Reserve	(7,559)	0	0	(7,559)	0	0	(7,559)
Welfare Reform Reserve	(911)	0	282	(629)	0	0	(629)
Subsidiary Dividend Reserve	(6,010)	0	0	(6,010)	0	1,919	(4,091)
EPR Reserve	0	0	0	0	(1,585)	0	(1,585)
Other Misc (individual items below £1m)	(11,672)	(1,504)	925	(12,250)	(2,542)	3,294	(14,684)
<b>Total General Fund</b>	<b>(134,599)</b>	<b>(16,433)</b>	<b>30,373</b>	<b>(120,658)</b>	<b>(16,270)</b>	<b>32,616</b>	<b>(108,775)</b>
<b>HRA</b>							
Leasehold Repairs	(13,025)	(2,720)	0	(15,745)	(2,739)	0	(18,485)
<b>Total HRA</b>	<b>(13,025)</b>	<b>0</b>	<b>0</b>	<b>(13,025)</b>	<b>(2,739)</b>	<b>0</b>	<b>(18,485)</b>

Table is subject to roundings

## Notes to Core Financial Statements

*Significant Earmarked reserves (greater than £5m)	Purpose
<b>Local Management of Schools</b>	Set up for the balances held by non E5 schools in the borough.
<b>Dedicated Schools Grant (DSG)</b>	Set up to carry forward unspent DSG Grant into future years.
<b>Budget Support Reserve</b>	Set up to protect the General Fund budgets from large in year under or overspends caused by factors outside of managers control, (such as demography.)
<b>PFI Reserve</b>	Set up to carry forward surpluses earned in earlier years in PFI Contracts to cover losses to be incurred at the end of the projects.
<b>Hotel Reserves</b>	Set up to cover shortfall in rental income caused by tenant default in 2 hotels.
<b>Collection Fund Equalisation Reserve</b>	Set up to support the Collection Fund
<b>Levy Reserve</b>	Set up to carry forward prior year refunds and underspends to cover future years anticipated increases.
<b>Leasehold Repairs Reserve</b>	Set up to facilitate repairs to leasehold properties where required.

### 5. Other Operating Expenditure

	2025/26	2024/25
	£000	£000
Precepts and Levies	14,875	14,685
Other exceptional item	(2,402)	-
(Gains)/Losses on the disposal of non-current assets	(18,758)	(10,980)
<b>Total</b>	<b>(6,284)</b>	<b>(3,796)</b>

### 6. Financing and Investment Income and Expenditure

	2025/26	2024/25
	£000	£000
Interest payable and similar charges	52,196	49,939
Net interest on the net defined benefit (asset)/liability	(1,856)	(7,371)
Interest receivable and similar income	(18,307)	(24,881)
Income and expenditure in relation to investment properties	(5,673)	(11,761)
Changes in fair value of investment properties	2,348	(82,532)
(Gains)/Losses on Trading Accounts	(335)	(404)
<b>Total</b>	<b>28,374</b>	<b>(77,289)</b>

# Notes to Core Financial Statements

## 7. Taxation and Non-Specific Grant Income

	2025/26	2024/25
	£000	£000
Council Tax income and Retained Business Rates	(121,107)	(107,338)
Non-ring fenced Government Grants	(94,329)	(85,880)
Capital Grants and Contributions	(29,042)	(19,959)
Social Care Grants	(25,731)	(21,725)
<b>Total</b>	<b>(270,209)</b>	<b>(234,902)</b>

## 8. Property, Plant and Equipment

The movements in the Council's Property, Plant and Equipment for the year 2025/26 are set out in the table below. Estimated asset lives and depreciation rates are set out in the Accounting Policies.

The Council re-values its Property, Plant and Equipment valued less than £3m on a five year basis (20% each of the last five years of the programme and an impairment review at the end of the financial year) using its valuers, Wilks, Head & Eve. For Property, Plant and Equipment with a value greater than £3m, revaluation is carried out annually.

## Notes to Core Financial Statements

2025/26	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Right of Use Assets	Total PPE
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation at 1<sup>st</sup> April 2025</b>	1,288,543	1,274,564	51,215	48,797	430,538	92,723	392,856	<b>3,579,325</b>
Additions	15,299	20,064	2,761	233	112,451	495	3,394	154,697
Revaluations recognised in the Revaluation Reserve	(10,411)	(3,816)	0	0	0	(2,939)	(4,774)	(21,940)
Revaluations recognised in the Provision of Services	(1,478)	5,790	0	0	0	4,650	0	8,962
De-recognition due to disposals	(22,099)	(14,544)	0	0	(45,789)	(55,249)	0	(137,681)
Reclassifications to other assets	0	1,599	0	864	(2,463)	0	0	0
<b>Cost or Valuation at 31 March 2026</b>	<b>1,269,854</b>	<b>1,283,657</b>	<b>53,976</b>	<b>49,894</b>	<b>494,737</b>	<b>39,680</b>	<b>391,476</b>	<b>3,583,273</b>
<b>Accumulated Depreciation at 1 April 2025</b>	0	(3,159)	(44,927)	0	0	(332)	(976)	(49,394)
Depreciation charge	(20,283)	(18,613)	(1,941)	0	0	(1,614)	(28,778)	(71,229)
Depreciation written out to the Revaluation Reserve	19,935	20,765	0	0	0	931	6,089	47,720
De-recognition due to disposals	348	362	0	0	0	1,015	0	1,725
<b>Accumulated Depreciation at 31 March 2026</b>	<b>0</b>	<b>(645)</b>	<b>(46,868)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(23,665)</b>	<b>(71,178)</b>
<b>Net Book Value at 31 March 2026</b>	<b>1,269,854</b>	<b>1,283,012</b>	<b>7,108</b>	<b>49,894</b>	<b>494,737</b>	<b>39,680</b>	<b>367,811</b>	<b>3,512,095</b>

## Notes to Core Financial Statements

2024/25	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Right of Use Assets	Total PPE
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation at 1<sup>st</sup> April 2024</b>	<b>1,251,046</b>	<b>1,262,141</b>	<b>49,507</b>	<b>42,300</b>	<b>414,434</b>	<b>154,213</b>	<b>379,852</b>	<b>3,553,493</b>
Additions	18,339	17,072	1,708	1,138	174,717	2,675	1,953	217,602
Revaluations recognised in the Revaluation Reserve	28,801	6,185	0	0	0	21,802	11,051	67,839
Revaluations recognised in the Provision of Services	(1,141)	(2,891)	0	0	0	(18,966)	0	(22,998)
De-recognition due to disposals	(8,502)	(3,012)	0	0	(96,964)	(89,119)	0	(197,597)
Reclassifications to other assets	0	(4,931)	0	5,359	(61,649)	22,118	0	(39,103)
<b>Cost or Valuation at 31 March 2025</b>	<b>1,288,543</b>	<b>1,274,564</b>	<b>51,215</b>	<b>48,797</b>	<b>430,538</b>	<b>92,723</b>	<b>392,856</b>	<b>3,579,236</b>
<b>Accumulated Depreciation at 1 April 2024</b>	<b>0</b>	<b>(3,880)</b>	<b>(42,046)</b>	<b>0</b>	<b>0</b>	<b>(244)</b>	<b>0</b>	<b>(46,170)</b>
Depreciation charge	(19,693)	(18,300)	(2,881)	0	0	(2,617)	(6,836)	(50,327)
Depreciation written out to the Revaluation Reserve	19,559	18,362	0	0	0	974	5,860	44,755
De-recognition due to disposals	134	659	0	0	0	1,555	0	2,348
<b>Accumulated Depreciation at 31 March 2025</b>	<b>0</b>	<b>(3,159)</b>	<b>(44,927)</b>	<b>0</b>	<b>0</b>	<b>(332)</b>	<b>(976)</b>	<b>(49,394)</b>
<b>Net Book Value at 31 March 2025</b>	<b>1,288,543</b>	<b>1,271,405</b>	<b>6,288</b>	<b>48,797</b>	<b>430,538</b>	<b>92,391</b>	<b>391,880</b>	<b>3,529,842</b>

The valuations per category in each year of the rolling programme are shown below:

## Notes to Core Financial Statements

	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Right of Use Assets	Total PPE (Excluding Infrastructure Assets)
	£000	£000	£000	£000	£000	£000	£000	£000
Value at historic cost	0	2,463	7,108	49,894	494,737	0	16,947	<b>571,149</b>
Value at current value in:								
2025/26	1,269,854	43,835	0	0	0	7,479	0	1,470,681
2024/25	0	1,186,479	0	0	0	30,087	149,863	1,417,566
2023/24	0	28,280	0	0	0	2,114	201,000	30,393
2022/23	0	14,847	0	0	0	0	0	14,847
2021/22	0	7,458	0	0	0	0	0	7,458
	<b>1,269,854</b>	<b>1,283,012</b>	<b>7,108</b>	<b>49,894</b>	<b>494,737</b>	<b>39,680</b>	<b>367,810</b>	<b>3,512,095</b>

# Notes to Core Financial Statements

## Property Plant and Equipment (PPE) (continued)

At 31 March 2026 the Council had the following significant contractual commitments amounting to £35,103m (2024/25 £127.347m) for the construction or enhancement of its Property, Plant and Equipment in 2025/26 and future years. The contractual commitments outstanding over £1m as at 31/03/26 are:

	<b>2025/26</b>
	<b>£000</b>
Gascoigne East Phase 3A	2,147
Gascoigne East Phase 2 F	3,863
Gascoigne East Phase 2 E2	3,786
12 Thames Rd	1,259
Padnall Lake Phase 2	5,753
Gascoigne East 3B	1,709
Beam Park Phase 6	5,801
Padnall Lake Phase 1	1,178
	<b>25,496</b>
<b>General Fund</b>	
Corporate Retrofit	1,053
	<b>1,053</b>
<b>Housing Revenue Account</b>	
Energy Efficiency	8,554
	<b>8,554</b>
<b>Total</b>	<b>35,103</b>

# Notes to Core Financial Statements

## 9. Infrastructure Assets

In accordance with the temporary relief offered by the Update to the CIPFA Code at 4.1.4.3 relating to 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.

	2025/26	2024/25
	£000	£000
Net book value (modified historical cost)		
at 1 April	101,706	102,111
Additions	8,518	9,701
Derecognition	-	-
Depreciation	(10,440)	(10,106)
Impairment	-	-
Other movements in cost	-	-
<b>Infrastructure Assets</b>	<b>99,784</b>	<b>101,706</b>
<b>Net book value at 31 March</b>		

	2025/26	2024/25
	£000	£000
Infrastructure assets	99,784	101,706
Other PPE assets	3,512,095	3,529,841
<b>Total PPE assets</b>	<b>3,611,879</b>	<b>3,631,547</b>

The Authority has determined in accordance with Regulation 30M(2) of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

## 10. Heritage Assets

### Works of Art

The Council holds a significant collection of art works. The Fanshawe Art collection is a collection of 53 portraits relating to the Fanshawe family. The earliest painting dated from 1560 and with the last painting commissioned in 1940. The artists included some of the most famous in the country for the time period, such as William Dobson, Sir Peter Lely and Marcus Gheeraedts.

## Notes to Core Financial Statements

The Council has also holds other modern art works such as the Secret Garden in Barking and the A13 Artscape project. The Secret Garden is a 7-metre-high facade which has been constructed from reclaimed bricks and architectural salvage, incorporating a public art element into the design of the main square. The A13 Artscape is one of the most ambitious and innovative public arts projects in the United Kingdom. It has been one of the highest profile arts projects for the borough. The A13 Artscape project was delivered through a partnership with Transport for London, which led to the involvement of some 17 artists and organisations to improve the environmental impact of the A13 on the surrounding areas.

### Historic Sites

Valence House is a grade II listed medieval building. Its earliest parts are over 600 years old. Valence House has been a museum since 1937 and became a dedicated museum in 1976. It is the local history museum for Barking and Dagenham, displaying history and objects from the Borough.

Barking Abbey was founded in 666 A.D. by St Erkenwald. The ruins that remain today are a rebuild from the 13th Century. The Abbey was one of the first and wealthiest in the country but was dissolved by King Henry VIII after 1539. The Barking Abbey Ruins was excavated a hundred years ago in 1911. It has not been possible to provide a financial value of the Barking Abbey Ruins due to the nature of what they are.

### Museum Exhibits

Current museum exhibits include the original coat of arms from the Elizabethan town hall and a large painting of Kings Charles II. Other exhibits include a bronze Ford Capri sculpture on display outside Valence House Museum.

### Statues and Monuments

There are several statues and monuments in Barking and Dagenham: A statue of Job Henry Charles Drain V.C. was erected in autumn 2009 on Broadway, Barking in memory of his heroism. There are also three war memorials in Barking Park, Rippleside cemetery and Chadwell Heath cemetery. The Rippleside cemetery war memorial has recently been listed by English Heritage. It has not been possible to place a financial value on these memorials.

Barking and Dagenham have produced some of the most famous and successful sportsmen and women in the country. A number of statues were erected in 2008 to celebrate these individuals in the form of a large dynamic sculptural installation. The artwork includes silhouettes of Bobby Moore OBE, Beverley Gull MBE, Sir Alf Ramsey and Jason Leonard OBE, all of whom were champions and success stories of their time. These statues are situated on the A13, by Castle Green.

### Civic Regalia

The Council holds items of Civic Regalia, such as the Mayor's robe and the Chain of Office, with the Insignia pendant. The Mayor's robe was first used in 1931 when Barking received the Charter of Incorporation, which meant that Barking had the power to elect a Mayor for the first time in history. The robe is part of Valence House Museum collection and was last used in 1993. The chain of office with the Insignia pendant, this is usually located at Barking Town Hall, but is currently on display at Valence House Museum.

# Notes to Core Financial Statements

## Preservation and Management

Each of the collections at the Valence House museum is managed by a curator and the policy for documentation, collections, disposals, loans, conservation and storage are contained within the museum's Collection Management Plan.

2025/26	Works of Art	Historic Sites	Museum Exhibits	Statues & Monuments	Civic Regalia	Total Assets
	£000	£000	£000	£000	£000	£000
Gross Book Value 1 April 2025	4,447	3245	264	403	530	8,889
Accumulated Depreciation	-	(401)	-	-	-	(401)
<b>Net Book Value 31 Mar 25</b>	<b>4,447</b>	<b>2,844</b>	<b>264</b>	<b>403</b>	<b>530</b>	<b>8,488</b>
Additions	-	1,242	-	-	-	1,242
Disposals	-	-	-	-	-	-
Revaluations	-	88	-	-	-	88
Depreciation	-	(56)	-	-	-	(56)
<b>Net Book Value 31 Mar 26</b>	<b>4,447</b>	<b>4,118</b>	<b>264</b>	<b>403</b>	<b>530</b>	<b>9,762</b>

## 11. Investment Properties

Investment Properties are assets owned by the Council and are held solely to earn rentals or for capital appreciation or both. The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement:

	2025/26	2024/25
	£000	£000
Rental income from investment property	15,055	20,622
Direct operating expenses arising from investment property	(9,382)	(8,861)
<b>Net gain</b>	<b>5,673</b>	<b>11,761</b>

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.

Investment properties are shown at fair value at the balance sheet date and are subject to revaluation annually and any changes in valuation are reflected in the fair value of assets. The following table summarises the movement in the fair value of investment properties over the year:

## Notes to Core Financial Statements

	<b>2025/26</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
Balance at the start of the year	537,945	416,309
Additions	2,428	1,383
Disposals	(1,128)	(1,139)
Reclassifications	-	38,860
Net gains/(losses) from fair value adjustments/revaluations	(2,348)	82,532
<b>Balance at end of the year</b>	<b>536,897</b>	<b>537,945</b>

### Fair Value Hierarchy

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (See Accounting Policy for an explanation of the fair value levels).

### Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

There has been no change in valuation techniques used during the year for investment properties.

### Highest and Best Use

In estimating the fair value of the Council's investment properties, they are valued at the higher of current use and potential alternative use (if different to current use).

### Valuation Process for Investment Properties

The Council's investment properties have been valued by Wilks, Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

# Notes to Core Financial Statements

## 12. Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

Long Term 31 March 2025 £000	Short Term 31 March 2025 £000		Long Term 31 March 2026 £000	Short Term 31 March 2026 £000
		<b>Financial Assets at Amortised Cost</b>		
210	40,300	Investments	210	35,650
-	15,925	Cash and Cash Equivalents (see Note 14)	-	12,246
		<b>Debtors</b>		
440,403	180,719	Debtors	523,814	121,237
-	191	Accrued Interest Receivable	-	323
440,403	180,910	<b>Total debtors qualifying as Financial Assets at Amortised Cost</b>	<b>523,814</b>	<b>121,560</b>
<b>440,403</b>	<b>237,080</b>	<b>Total Financial Assets</b>	<b>524,024</b>	<b>169,456</b>
		<b>Financial Liabilities at Amortised Cost</b>		
(953,723)	(569,982)	Borrowings	(1,301,856)	(311,500)
-	(1,581)	Cash and Cash Equivalents (see Note 14)	-	(1,216)
		<b>Creditors</b>		
(277,985)	(6,152)	PFI and finance lease liabilities	(324,246)	(25,802)
(6,138)	(99,262)	Creditors	(7,328)	(100,430)
-	(8,161)	Accrued Interest Payable	-	(6,349)
(284,124)	(107,423)	<b>Total creditors qualifying as financial liabilities at amortised cost</b>	<b>(331,574)</b>	<b>(132,581)</b>
<b>(1,237,847)</b>	<b>(685,138)</b>	<b>Total Financial Liabilities</b>	<b>(1,633,430)</b>	<b>(445,297)</b>

**Note** – Assets and liabilities arising purely from statutory provisions such as council tax, NNDR and general rates are exempt from the definition of financial assets/liabilities, which requires a contractual basis.

The following shows an analysis of borrowing by type of debt:

Long Term 31 March 2025 £000	Short Term 31 March 2025 £000		Long-Term 31 March 2026 £000	Short -Term 31 March 2026 £000
		<b>Borrowing</b>		
(841,425)	(470,000)	PWLB	(1,193,272)	(270,000)
(10,000)	-	LOBO	(10,000)	-
(102,298)	-	Other Markets debt	(98,584)	-
-	(101,563)	Other LA loans	-	(42,716)
<b>(953,723)</b>	<b>(571,563)</b>	<b>Total</b>	<b>(1,301,856)</b>	<b>(312,716)</b>

## Notes to Core 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:

Financial Liabilities measured at amortised cost	2024/25		Total		2025/26		Total
	Financial Assets measured at amortised cost	Financial Assets measured at amortised cost			Financial Liabilities measured at amortised cost	Financial Assets measured at amortised cost	
£000	£000	£000	£000		£000	£000	£000
37,585	(14,754)	22,831	Interest expense *	33,980			33,980
	275	275	Fee Expense**		103		103
	(17,751)	(17,751)	Interest Income *		(18,307)		(18,307)
	(7,500)	(7,500)	Dividend		(385)		(385)
<b>37,585</b>	<b>(39,730)</b>	<b>(2,145)</b>	<b>Net gain / (loss) for the year</b>	<b>33,980</b>	<b>(18,589)</b>		<b>15,391</b>

\* Interest Income and Expenditure include HRA

\*\* Fee Expense includes brokerage costs for longer term loans

# Notes to Core Financial Statements

## Interest Expense

The Council may borrow to meet capital costs that are attributable to the acquisition, construction or production of a qualifying asset that has a life of more than one year. It is the Council's policy to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Borrowing costs will be deemed as interest and other costs that the Council incurs in connection with the borrowing of funds, and a qualifying asset will be that which takes in excess of three years to get ready for intended use and has forecast expenditure in excess of £10m. Cessation of capitalisation will occur at the earlier of practical completion of the qualifying asset or when it has been sold.

## Fair Value of Assets and liabilities carried at Amortised Cost

Financial liabilities, financial assets, long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- estimated ranges of interest rates at 31 March 2026 of 4.34% for one year to 1.97% for 50 year loans from the PWLB, after taking into account a 20bps reduction
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value

The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB certainty rate (NL rate). The Fair Value calculations in the table below are based on the NL Rate.

The fair values calculated are as follows:

31 March 2025			31 March 2026		
Carrying Amount	Fair Value based on New Loan Rate	Financial Assets	Carrying Amount	Fair Value based on New Loan Rate	
£000	£000		£000	£000	
40,510	40,510	Investments	35,860	35,860	
15,925	15,925	Cash & Cash Equivalents	12,246	12,246	
426,311	251,450	Long Term Debtors	523,814	254,630	
69,952	69,952	ST Debtors (excl Interest Receivable)	121,237	121,237	
591	591	Interest Receivable Accrual	323	323	
<b>553,289</b>	<b>378,428</b>		<b>693,480</b>	<b>424,296</b>	

## Notes to Core Financial Statements

£000	£000	Financial Liabilities	£000	£000
(1,581)	(1,581)	Cash & Cash Equivalents	(1,216)	(1,216)
(841,425)	(526,788)	PWLB	(1,463,272)	(1,202,375)
(112,325)	(86,261)	Market Loans	(108,584)	(93,807)
(570,000)	(573,563)	Temporary Loans	(41,500)	(41,500)
(284,137)	(284,137)	PFI & Finance Lease	(350,048)	(350,048)
(6,138)	(6,138)	ST Creditors (excl Interest Payable)	(7,328)	(7,328)
(8,161)	(8,161)	Interest Payable Accrual	(100,430)	(100,430)
<b>(1,823,767)</b>	<b>(1,486,629)</b>		<b>(6,349)</b>	<b>(6,349)</b>

NB. Table is subject to roundings.

The rates quoted in the above valuation were obtained by the Council's treasury management consultants, Link Asset Services, from the market on 31 March 2026 using bid prices where applicable. The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2026) arising from a commitment to pay interest to lenders above current market rates.

The valuation basis adopted for Fair Value calculation uses Level 2 inputs, which are inputs other than quoted prices that are observable for the financial asset / liability.

### Nature and Extent of Risks Arising for Financial Instruments

The Council's activities expose it to a variety of financial risks:

- **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;
- **Re-financing and Maturity risk** – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- **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.

### Overall Procedures for Managing Risk in Financial Markets

The Council's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

## Notes to Core Financial Statements

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- By approving annually in advance prudential and treasury indicators for the following three years limiting the Council's overall borrowing:
  - its maximum and minimum exposures to fixed and variable rates;
  - its maximum and minimum exposures to the maturity structure of its debt;
  - its maximum annual exposures to investments maturing beyond a year; and
  - by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The Annual Treasury Management Strategy which incorporates the prudential indicators and the Investment Strategy was approved by the Assembly and is available on the Council website.

This policy is implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies, Treasury Management Practices (TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's trade receivables and payables.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's credit ratings and CDS data which it receives from its advisers Link Asset Services as a basis for assessing credit risk as well as other market information. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after these initial criteria and full details of the Investment Strategy can be found on the Council's website.

The Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies -

## Notes to Core Financial Statements

Fitch, Moodys and Standard and Poors, forming the core element. Sector does not rely solely on the current credit ratings of counterparties but also uses the following as overlays,

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings; and
- sovereign ratings to select counterparties from only the most creditworthy countries.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2024 that this was likely to crystallise.

In the past five years the Council has not experienced any exposure to credit risk on its loans, based on the levels of default assessed by the ratings agencies and its advisors. The Council does not allow credit for its trade debtors further reducing its exposure to credit risk and has not experienced any defaults in the last five years on its investments.

The carrying value of the exposure by financial instrument is summarised below:

	Criteria	Amount Invested at 31 March 2026 £000
Deposits with Banks	A Rated	35,650
UK Government	Local Authority	-
Commercial Loans	See below	523,815
<b>Total Investments</b>		<b>559,465</b>

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

During the year the Council did not give or receive any collateral as security for a financial instrument.

### Trade and Other Receivables

Credit risk arise from the Council's exposure to trade debtors; this excludes monies from government and public institutions. Aged debtor write off is subject to Council procedures. The debtor balances in Note 12 have been reviewed for loss allowance, providing details of material balances.

# Notes to Core Financial Statements

## Amounts Arising from ECL for Investments and Loans

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.

Under the general approach used in IFRS 9, a financial asset is in one of three stages in order to determine both the amount of ECL to recognise, as well as how interest income should be recognised.

**Stage 1** is where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, entities are required to recognise 12-month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

**Stage 2** is where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2 entities are required to recognise lifetime ECL but interest income will continue to be recognised on a gross basis.

**Stage 3** is where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event under the IAS 39 model. For financial assets in stage 3, entities will continue to recognise lifetime ECL, but they will now recognise interest income on a net basis. This means that interest income will be calculated based on the gross carrying amount of the financial asset less ECL. The table below summarises the general approach.

There are currently loans totalling £426.3m, with most of the loans are secured against an asset. The loans are predominantly loans to companies that are wholly owned by the Council, and these are secured against a number of properties held with Reside, and BD Trading Partnerships. The Authority undertook due diligence on the credit quality of these third parties during the awarding of the loans and there is no indication of credit impairment or default at the time these accounts were finalised

A summary of the loans made by the Council, the loss allowance for each is provided below and the ratings and risk of default.

Counterparty	Loan Amounts £000	Loss Allowances £000	Secured/ Guarantee	Risk of Default	Finch Rating Criteria*
B&D Energy Ltd	15,194	21	Yes	0.14%	BBB
B&D Homes Limited	193,215	271	Yes	0.14%	BBB
B&D Reside Regeneration LLP	4,756	7	Yes	0.14%	BBB
B&D Reside Weavers LLP	282,110	395	Yes	0.14%	BBB
B&D Trading Partnerships*	22,755	601	Yes	2.64%	B
Barking Enterprise Centre	88	146	Yes	0.64%	BB
Barking Riverside Limited	5,500	1	Yes	0.64%	BB
Dagenham and Redbridge Loan	46	0	Yes	0.64%	BB

## Notes to Core Financial Statements

Counterparty	Loan Amounts £000	Loss Allowances £000	Secured/ Guarantee	Risk of Default	Finch Rating Criteria*
Other (<£1m)	151	-			
<b>Total</b>	<b>523,815</b>	<b>1,441</b>			

\* Fitch Ratings Criteria 2021

BB: elevated vulnerability to default risk, more susceptible to adverse shifts in business or economic conditions; still financially flexibility

B: degrading financial situation; highly speculative

### Liquidity Risk

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

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

### Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets. The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's Day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period.

## Notes to Core Financial Statements

	Actual 31 March 2026 £000	Actual 31 March 2025 £000
Less than one year	311,500	570,000
Between 1 and 2 years	370,000	0
Between 2 and 5 years	-	0
Between 5 and 10 years	-	0
More than 10 years	931,856	953,723
<b>Total</b>	<b>1,613,356</b>	<b>1,523,723</b>

The maturity analysis of all financial assets, including trade payables and receivables, held by the Council is under one year.

### Market Risk

#### Interest Rate Risk

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

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs.

## Notes to Core Financial Statements

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable. According to this assessment strategy, at 31 March 2026 if interest rates had been 1% higher with all other variables held constant, the financial effect for 2025/26 would be:

<b>Interest Rate Risk - 1% Increase</b>	<b>£000</b>
Increase in interest payable on variable rate borrowings*	509
Increase in interest receivable on variable rate investments	0
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>509</b>

<b>Interest Rate Risk – 1% Decrease</b>	
Decrease in interest payable on variable rate borrowings*	(509)
Decrease in interest receivable on variable rate investments	0
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>(509)</b>

\*The Council did not hold any variable rate borrowings as at 31 March 2026 and therefore the effect of an increase or decrease in the rate would be nil.

### Price Risk

Excluding the Pension Fund, the Council does not generally hold equity shares. As at 31 March 2026 the Council did not hold any Certificates of Deposit.

### Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

## 13. Debtors

	<b>2025/26</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
Housing Benefits Overpayments (net of BDP)	491	665
Housing Rents (net of BDP)	5,348	2,143
Business Rates	3,401	1,827
Council Tax	24,978	20,929
Leaseholder Service Charge	995	3,359
Payments in Advance	9,751	7,391
Court Costs	4,109	3,495
VAT	9,270	7,979
Trade Debtors	62,387	50,269
Other Debtors (net of BDP)	9,077	8,528
<b>Total</b>	<b>129,807</b>	<b>106,585</b>

# Notes to Core Financial Statements

## 14. Cash and Cash Equivalents

	2025/26 £000	2024/25 £000
Cash held by the council	51	53
Bank current accounts	10,979	14,281
<b>Total</b>	<b>11,030</b>	<b>14,344</b>

## 15. Creditors

	2025/26 £000	2024/25 £000
Housing Rents	(3,111)	(2,278)
Business Rates	(1,141)	(1,034)
Council Tax	(5,818)	(5,710)
Trade Creditors	(93)	(567)
Other Creditors	(119,159)	(122,753)
<b>Total</b>	<b>(129,322)</b>	<b>(132,342)</b>

## 16. Provisions

	Balance at 31 March 2025 £000	Additional Provisions made during 2025/26 £000	Amounts used or reversed in 2025/26 £000	Balance at 31 March 2026 £000
<b>Long Term</b>				
Insurance	(4,282)	(1,572)	1,561	(4,293)
NDR Appeals	(1,857)	(1,904)	2,632	(1,128)
<b>Sub-total Long Term</b>	<b>(6,139)</b>	<b>(3,476)</b>	<b>4,193</b>	<b>(5,421)</b>
<b>Short Term</b>				
Legal Provision	(996)	(1,430)	16	(2,409)
Contaminated land	(285)	(694)	0	(979)
Client Over Charge Refund	(100)	0	100	0
Disrepair claims and Damages	(3,283)	(1,733)	1,780	(3,236)
<b>Sub-total Short Term</b>	<b>(4,664)</b>	<b>(3,857)</b>	<b>1,896</b>	<b>(6,624)</b>
<b>Total</b>	<b>(10,802)</b>	<b>(7,332)</b>	<b>6,089</b>	<b>(12,045)</b>

### Insurance Claims

Provision is made for those claims where it is deemed probable that the Council will have to make a settlement, based on past experience of court decisions about liability and the amount of damages payable. The Council may be reimbursed by its insurers, but until claims are actually settled no income is recognised as the insurers will only reimburse amounts above a £150,000 excess.

# Notes to Core Financial Statements

## Business Rates Appeals

The amount provided for business rates appeals is the Council's share. The provision is based on data and trends that reflect local circumstances. This is made to meet the estimated costs repayable to rate payers as a result of reductions in rateable values following successful appeals against valuation.

## Disrepair claims and Damages

The 'Disrepair Provision' is an annual provision within the HRA that is allocated exclusively for the management of Legal Housing Disrepair claims raised by tenants, against LBBB, who occupy our social housing portfolio as tenants. The Provision covers tenant damages (monies paid to a tenant in lieu of the alleged suffering due to the disrepair issues identified at their property) and claim Costs (Legal fees paid to opposing Solicitors at the point a Disrepair claim is formally settled or is in Court).

## 17. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

	2025/26	2024/25
Usable Reserves	£000	£000
General Fund	(14,591)	(14,869)
Schools Reserves	1,208	(6,473)
General Fund - Earmarked Reserves	(109,983)	(118,647)
HRA	(26,179)	(26,179)
HRA - Earmarked Reserves	(18,485)	(15,746)
Major Repairs Reserve	(30,156)	(8,704)
Capital Receipts Reserve	(62,056)	(38,129)
Capital Grants Unapplied	(15,339)	(14,892)
<b>Total</b>	<b>(275,582)</b>	<b>(243,639)</b>

## 18. Unusable Reserves

The breakdowns of materially significant reserves are provided below.

	2025/26	2024/25
Unusable Reserves	£000	£000
Revaluation Reserve	(1,524,820)	(1,531,879)
Capital Adjustment Account	(888,943)	(917,148)
Pension Reserve	10,301	23,512
Collection Fund Adjustment Account	(503)	795
Accumulated Absence Account	11,476	11,298
<b>Total</b>	<b>(2,392,489)</b>	<b>(2,413,421)</b>

# Notes to Core Financial Statements

## 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:

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

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

	2025/26	2024/25
Revaluation Reserve	£000	£000
<b>Balance at 1 April</b>	(1,531,879)	(1,443,516)
Upward Revaluation of Assets	(55,942)	(151,666)
Downward revaluation of assets and impairment losses not charged to the Surplus/(Deficit) on the Provision of Services	30,162	39,071
Accumulated gains or losses on assets disposed of in year.	11,731	4,517
Difference between fair value depreciation and Historical cost depreciation	21,108	19,715
<b>Balance at 31 March</b>	<b>(1,524,820)</b>	<b>(1,531,879)</b>

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

## Notes to Core Financial Statements

	2025/26	2024/25
Capital Adjustment Account	£000	£000
<b>Balance at 1 April</b>	<b>(917,148)</b>	<b>(831,495)</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
Charges for depreciation and impairment of non-current assets	81,725	60,537
Revaluation gains/(losses) on Property, Plant and Equipment	(9,049)	25,042
Revenue expenditure funded from capital under statute.	33,682	56,350
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	137,084	196,631
Adjusting amounts written out of the Revaluation Reserve	(32,838)	(24,232)
<b>Capital financing applied in the year</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(24,875)	(47,973)
Use of the Major Repairs Reserve to finance new capital expenditure	(11,298)	(13,564)
Application of grants to capital financing from the Capital Grants Unapplied Account	(33,995)	(29,380)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(30,628)	(28,435)
Capital expenditure charged against the General Fund and HRA balances	(3,043)	(8,628)
Repayment of The Capital Financing Requirement using Capital Receipts	(108,294)	(189,972)
Loan repayment	1,253	502
Movements in market value of Investment Properties	2,348	(82,532)
IFRS16 Lease Fair Value Adjustment	26,133	0
<b>Balance at 31 March</b>	<b>(888,943)</b>	<b>(917,148)</b>

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

Statutory arrangements require benefits earned to be financed as the Council make the employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

## Notes to Core Financial Statements

	2025/26	2024/25
	£'000	£000
<b>Pension Reserve</b>		
<b>Balance at 1 April</b>	23,512	26,754
Remeasurements of the net defined benefit liability/asset	4,173	10,185
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	18,314	22,400
Employer pensions' contributions and direct payments to pensioners payable in the year	(35,698)	(35,827)
<b>Balance at 31 March</b>	<b>10,301</b>	<b>23,512</b>

### Accumulated Absence Account

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

	2025/26	2024/25
	£'000	£000
<b>Balance at 1 April</b>	11,298	9,802
Settlement or cancellation of accrual made at the end of the preceding year	(11,298)	(9,802)
Amounts accrued at the end of the current year	11,476	11,298
<b>Balance at 31 March</b>	<b>11,476</b>	<b>11,298</b>

# Notes to Core Financial Statements

## 19. Cash Flow Notes

### 19a. Net Cash Flows from Operating Activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	2025/26	2024/25
	£000	£000
Depreciation	81,725	60,536
Impairment and downward valuations	(9,049)	22,988
Increase/(decrease) in creditors	(11,339)	68,977
(Increase)/decrease in debtors	(24,341)	(34,644)
(Increase)/decrease in long term debtors	(83,412)	(137,811)
(Increase)/decrease in inventories	0	116
Movement in pension liability	15,528	11,015
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	137,083	196,632
Increase/(decrease) in Grants and Contributions Receipts in Advance	(4,497)	(2,394)
Movement in Investment Property Values	2,348	(82,532)
Contributions to/(from) provisions	1,243	(39)
Other non-cash items charged to the net surplus or deficit on the provision of services	23,013	15,215
<b>Total</b>	<b>128,302</b>	<b>118,069</b>
The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:		
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(34,442)	(24,100)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(155,843)	(207,375)
	<b>(190,285)</b>	<b>(231,475)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>(72,579)</b>	<b>(64,936)</b>

## Notes to Core Financial Statements

### 19b. Cash flow Note – Investing Activities

	2025/26	2024/25
	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	(191,784)	(298,554)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	155,843	207,375
Purchase of short-term and long-term investments	(1,046,167)	(1,002,516)
Proceeds from short-term and long-term investments	1,050,414	961,899
Capital grants received	34,442	24,100
<b>Net Cash Flows from Investing Activities</b>	<b>2,748</b>	<b>(107,696)</b>

### 19c. Cash flow Note – Financing Activities

	2025/26	2024/25
	£000	£000
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(21,440)	(22,722)
(Repayment) of short and long-term borrowing	(936,667)	(1,324,301)
Cash receipts of short-term and long-term borrowing	1,026,318	1,525,472
Other payments for financing activities	(1,693)	614
<b>Net Cash Flows from Financing Activities</b>	<b>66,518</b>	<b>179,063</b>

## 20. Pooled Budgets

In accordance with the Section 75 Agreement (National Health Service Act 2006), the Council and North East London Integrated Care Board (NEL ICB) have established a unified Pooled Budget and a Lead Commissioning agreement for the Better Care Fund (BCF). This agreement encompasses the commissioning of health and social care services, aligning with the Barking and Dagenham Place BCF plan, which includes the Disabled Facilities Grant (DFG) and the Improved Better Care Fund (iBCF).

Together with the ICB, the Council undertakes the management and delivery of statutory functions, aiming to provide integrated and efficient health and social care services to residents. The pooled budget's Income and Expenditure Account is summarised below. Notably, in 2025/26, the Council received an income of £8.192m (£7.826m in 2024/25) from the Minimum CCG Contribution to Adult Social Care.

## Notes to Core Financial Statements

	2025/26	2025/26	2024/25	2024/25
	Income	Expenditure	Income	Expenditure
	£000	£000	£000	£000
ICB - Minimum NHS Contribution	(13,553)	13,553	(11,658)	11,658
LA - Minimum NHS Contribution	(8,192)	8,192	(7,826)	7,826
<b>Total Minimum NHS Contribution</b>	<b>(21,745)</b>	<b>21,745</b>	<b>(19,484)</b>	<b>19,484</b>
Disabled Facilities Grant	(2,466)	2,466	(2,025)	2,025
Improved Better Care Fund	(13,209)	13,209	(10,707)	10,707
Local Authority/ICB Discharge Funding	-	-	(1,952)	1,952
Additional NHS Contribution	-	-	(2,502)	2,502
<b>Total</b>	<b>(37,420)</b>	<b>37,420</b>	<b>(36,670)</b>	<b>36,670</b>

### 21. Members Allowances

The Council paid the following amounts to Members of the Council during the year.

	2025/26	2024/25
	£000	£000
Basic Allowances	689	624
Special Responsibility Allowances	390	355
Employers NI	126	151
<b>Total</b>	<b>1,205</b>	<b>1,130</b>

### 22. Senior Officers' Remuneration (including Teachers)

The disclosure requirements comprise the following.

- (a) An analysis of the number of employees whose remuneration is in excess of £50,000 in bands of £5,000.
- (b) An additional requirement listing those senior employees whose salary is £50,000 or more per year but less than £200,000 by way of job title. This includes statutory officers and non-statutory officers who report direct to the head of paid service; and

A list of those employees whose salary is in excess of £150,000 by name and job title.

- (c) Exit Packages

Remuneration is defined as all amounts paid to or receivable by a person and includes sums due by way of expenses allowance (insofar as those sums are chargeable to United Kingdom income tax) and the estimated monetary value of any benefits received by an employee other than in cash (e.g. benefits in kind).

Salary is generally accepted as the amount received under a contract of employment for services rendered (before the deduction of pension contributions) other than bonuses, allowances, benefits in kind or compensation payments.

## Notes to Core Financial Statements

### a) Analysis of employees whose remuneration is in excess of £50,000

	2025/26		2024/25	
	Non-Teaching Employees	Teaching Employees	Non-Teaching Employees	Teaching Employees
£50,000 - £54,999	202	120	208	155
£55,000 - £59,999	150	97	121	198
£60,000 - £64,999	84	629	30	593
£65,000 - £69,999	44	66	39	88
£70,000 - £74,999	31	68	28	70
£75,000 - £79,999	14	82	10	67
£80,000 - £84,999	15	53	9	53
£85,000 - £89,999	0	60	19	36
£90,000 - £94,999	17	38	20	22
£95,000 - £99,999	16	30	1	21
£100,000 - £104,999	6	16	1	11
£105,000 - £109,999	0	11	3	8
£110,000 - £114,999	7	6	4	7
£115,000 - £119,999	1	10	0	8
£120,000 - £124,999	1	5	0	5
£125,000 - £129,999	2	6	5	1
£130,000 - £134,999	2	1	0	1
£135,000 - £139,999	1	3	0	0
£140,000 - £144,999	0	0	1	3
£145,000 - £149,999	1	0	0	1
£150,000 - £154,999	1	2	0	1
£155,000 - £159,999	0	0	1	0
£160,000 - £164,999	1	1	0	0
£170,000 - £174,999	0	0	0	1
£175,000 - £179,999	1	1	1	1
£190,000 - £194,999	0	0	1	1
£195,000 - £199,999	0	0	1	1
£200,000 - £204,999	0	0	1	1
£205,000 - £209,999	1	0	1	1
£225,000 - £239,999	0	2	0	0
<b>Total</b>	<b>598</b>	<b>1307</b>	<b>502</b>	<b>1,352</b>

## Notes to Core Financial Statements

### b) Senior Officers whose salary is between £50,000 and £150,000 per year

2025/2026	Notes	Salary, Fees & Allowances £	Bonuses £	Expense Allowances £	Compensation for Loss of Employment £	Sub-total £	Employer's Pension Contribution £	Total (including pension contributions) £
Chief Executive - Fiona Taylor		208,333	0	0	0	<b>208,333</b>	45,764	<b>254,097</b>
Strategic Director, Children & Adults - Elaine Allegretti		195,936	0	0	0	<b>195,936</b>	43,106	<b>239,042</b>
Director of Law and Governance and Monitoring Officer	1	106,310	0	0	0	<b>106,310</b>	23,388	<b>129,698</b>
Strategic Director Housing Environment & Communities		147,527	0	0	0	<b>147,527</b>	32,456	<b>179,983</b>
Strategic Director Inclusive Growth & Place		134,182	0	0	0	<b>134,182</b>	29,520	<b>163,702</b>
Director of Strategy		112,067	0	0	0	<b>112,067</b>	24,643	<b>136,710</b>
Strategic Director, Resources (S151 Officer) - Richard Harbord		176,953	0	0	0	<b>176,953</b>	0	<b>176,953</b>
Director of Workforce Change		113,686	0	0	0	<b>113,686</b>	25,011	<b>138,697</b>
Head of Leaders Office		87,438	0	0	0	<b>87,438</b>	19,236	<b>106,674</b>
Director of Public Health		113,686	0	0	0	<b>113,686</b>	16,348	<b>130,034</b>

1. Head of Legal Services and Monitoring Officer from 1 April 2023 to 31 January 2026; appointed Director of Law & Governance and Monitoring Officer from 1 February 2026.

## Notes to Core Financial Statements

2024/2025	Notes	Salary, Fees & Allowances	Bonuses	Expense Allowanc es	Compensation for Loss of Employment	Sub-total	Employer's Pension Contribution	Total (including pension contributions)
		£	£	£	£	£	£	£
Chief Executive - Fiona Taylor		216,575	0	0	0	<b>216,575</b>	44,345	<b>260,920</b>
Strategic Director, Children & Adults - Elaine Allergretti		190,920	0	0	0	<b>190,920</b>	42,002	<b>232,922</b>
Head of Legal Services and Monitoring Officer		97,521	0	0	0	<b>97,521</b>	20,889	<b>118,410</b>
Director of Support and Collections, Inclusive Growth	1	108,064	0	0	0	<b>108,064</b>	3,369	<b>111,433</b>
Strategic Director, HEC	2	143,253	0	0	0	<b>143,253</b>	31,450	<b>174,702</b>
Strategic Director, Inclusive Growth and Place	3	67,479	0	0	0	<b>67,479</b>	14,845	<b>82,324</b>
Director of Strategy	4	107,998	0	0	0	<b>107,998</b>	23,760	<b>131,757</b>
Strategic Director, Finance and Investment (S151 Officer)	5	131,888	0	0	0	<b>131,888</b>	0	<b>131,888</b>
Strategic Director, Resources (S151 Officer)- Richard Harbord	6	182,671	0	0	0	<b>182,671</b>	0	<b>182,671</b>
Director of Workforce Change		111,261	0	0	0	<b>111,261</b>	24,235	<b>135,497</b>
Director of Community Participation & Prevention	7	31,474	0	0	0	<b>31,474</b>	3,750	<b>35,224</b>
Head of Leaders Office		85,367	0	0	0	<b>85,367</b>	18,722	<b>104,089</b>

1 Director of Support and Collections, Inclusive Growth was made Redundant in June 2024 and has not replaced.

2 Directorate Changed from 'My Place' in 2023/24 to 'Housing, Environment and Communities' in 2024/25.

3 Directorate Changed from 'Inclusive Growth' in 2023/24 to 'Inclusive Growth and Place' in 2024/25. Director of Inclusive Growth and Place was previously Director of Development with Be First.

4 Director of Strategy filled by a consultant April 2023 to September 2023, therefore no Employer's Pension Contributions occurred. The post was then filled by a permanent staff member.

5 Directorate changed from 'Finance and Investment' in 2023/24 to 'Resources' in 2024/25. The post was covered by an Interim from April 2024 to September 2024. No Employer's Pension Contributions needed.

6 Strategic Director of Resources was an interim staff member from September 2024 to February 2025 and then became a permanent staff member. No Employer's Pension Contributions needed.

7 Director of Community Participation & Prevention left the organisation in June 2024 and has not been replaced.

## Notes to Core Financial Statements

### c) Exit Packages

The table below sets out the number of exit packages and the total cost per band, including the total cost of compulsory redundancies and other exit payments. Costs include liabilities arising from pension strain. The total exit packages of £1.553m in 2025/26 is made up of total redundancy costs (including pension strain) of £1.324m of which £0.887m related to Council services and the £0.437m to school-based employees. Other exit package payments totalled £0.229m, split between £0.52m charged to council services and £0.177m to schools

Exit Package Cost band	Number of Compulsory		Number of others		Total number of exits		Total cost of exits	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
£0 – £20,000	11	57	9	51	20	108	135,719	1,535,629
£20,001–£40,000	8	19	6	1	14	20	389,424	1,049,373
£40,001–£60,000	3	2	0	0	3	2	132,298	244,798
£60,001–£80,000	2	0	0	0	2	0	140,371	0
£80,001–£100,000	3	1	0	0	3	1	272,870	92,752
£100,001–£150,000	1	0	0	0	1	0	128,777	0
£150,001 +	2	0	0	0	2	0	353,703	0
<b>Total</b>	<b>30</b>	<b>79</b>	<b>15</b>	<b>52</b>	<b>45</b>	<b>131</b>	<b>1,553,161</b>	<b>2,922,552</b>

### 23. External Audit costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and the certification of grant claims.

	2025/26 £000	2024/25 £000
<b>2025/26</b>		
Fees payable for audit of the authority	501	488
Fees payable for audit related assurance services	23	23
Fees payable for mandatory assurance services	46	46
	<u>570</u>	<u>557</u>
<b>Adjustment to previous years audit fees</b>		
Fees payable for audit of the authority	(229)	0
Fees payable for audit related assurance services	(27)	0
Fees payable for mandatory assurance services	(65)	0
<b>Total charged in accounts</b>	<b>249</b>	<b>557</b>

## Notes to Core Financial Statements

### 24. Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by the grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of the DSG is recouped by the Department to fund academy schools within the Local Authority. The DSG is ringfenced and can only be applied to meet the expenditure properly included in the Schools Budget, as defined in the Schools and Early Years Finance (England) Regulations 2023. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual School Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG received for 2025/26 is below.

	Central Costs £000	ISB £000	Total 2025/26	Total 2024/25 £000
Final DSG for year before Academy recoupment				365,267
<b>Less:</b> Academy figure recouped			402,618 (86,171)	(79,059)
Total DSG after Academy recoupment				286,208
Brought forward from previous year			316,448 1,467	7,955
<b>Less:</b> Carry forward agreed in advance				0
Agreed initial budget distribution in year	38,471	279,443		294,163
In year adjustments		(309)	317,914 (309)	(290)
Final budget distribution for the year	38,471	279,135	317,606	293,873
<b>Less:</b> Actual central expenditure	45,084		45,084	37,067
Actual ISB deployed to schools		275,070	275,070	255,339
<b>Total carry forward</b>	<b>(6,613)</b>	<b>4,064</b>	<b>(2,549)</b>	<b>1,467</b>

### 25. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2025/26:

	2025/26 £000	2024/25 £000
<b>Credit to Taxation and Non-Specific Grant Income</b>		
RSG (Includes Business Rates Retention Scheme)	(61,750)	(60,906)
NNDR Compensation grants	(15,574)	(15,796)
New Homes Grant	(2,344)	(2,140)
Social Care Grant and Market Sustainability Grant	(29,726)	(25,720)
Service Grant	-	(403)
Recovery grant	(6,806)	-
Other grants individually less than £1 million	(3,859)	(1,873)

## Notes to Core Financial Statements

	2025/26	2024/25
	£000	£000
<b>Total</b>	<b>(120,060)</b>	<b>(106,838)</b>

### Credit to Services

Dedicated Schools Grant (DSG)	(310,144)	(281,567)
Education and Skills Funding Agency	(48,213)	(30,305)
Public Health England	(20,286)	(19,065)
Department for Levelling Up, Housing and Communities (DLUHC) formerly the Ministry of Housing, Communities and Local Government (MHCLG)	(9,908)	(8,853)
Pupil Premium	(12,394)	(13,395)
Home Office	(2,413)	(2,996)
Department of Work and Pensions	(4,491)	(6,132)
Greater London Authority	(1,459)	(7,926)
Department of Health and Social Care	(14,057)	(11,619)
Department for Environment, food & rural affairs	(2,050)	-
Other grants individually less than £1 million	(4,576)	(18,578)
HB Subsidy	(43,333)	(60,154)
<b>Total</b>	<b>(473,324)</b>	<b>(459,805)</b>

	2025/26	2024/25
	£000	£000
<b>Credit to Taxation and Non-Specific Grant Income - Capital Grant</b>		
Department for Education	(18,095)	(12,593)
Transport for London	(3,782)	(4,352)
Ministry of Housing, Communities and Local Government	(2,522)	-
Department for Digital, Culture, Media and Sport	(916)	(981)
Department for Energy security and Net Zero	(1,500)	-
Developer Contributions	(311)	(840)
Other Capital Grants	(1,916)	(1,192)
<b>Total</b>	<b>(29,042)</b>	<b>(19,958)</b>

The Council has received a number of grants that have yet to be recognised as income as the conditions attached to them that have not yet been satisfied. The balances at the year-end are as follows:

	2025/26	2024/25
	£000	£000
<b>Capital Grant Received in Advance</b>		
Department for Education	(25,779)	(30,413)
Greater London Authority	(103,534)	(102,494)

## Notes to Core Financial Statements

	2025/26 £000	2024/25 £000
Department for Energy Security and Net Zero	(775)	(879)
Ministry of Housing, Communities and Local Government	(10,822)	(11,790)
Department for Environment, Food and Rural Affairs	-	(1,328)
Other capital grants	(2,057)	(468)
Developer Contributions	-	(6,413)
<b>Total</b>	<b>(142,966)</b>	<b>(154,665)</b>

### 26. Related Parties

The Council is required to disclose 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 it. 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 and 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 during the year are further analysed in Note 25.

#### Members

Members of the Council have direct control over the Council’s financial and operating policies.

The total of Members’ allowances paid in 2025/26 is shown in Note 21.

#### Officers

During 2025/26 the Senior Officers of the Council held no pecuniary interests in accordance with section 117 of the Local Government Act 1972 in contracts entered into by the Council. There have been no declarations by officers of personal Related Parties Transactions with the Council in 2025/26.

#### Other Public Bodies

The Council has a pooled budget arrangement with North East London NHS Foundation Trust for the provision of mental health and social services and a pooled Better Care Fund budget arrangement with the Barking and Dagenham Integrated Care Board. Transactions and balances are detailed in Note 20.

#### Pension fund

The Council is the administering body of the Barking and Dagenham Pension Fund and has made arrangements for the proper administration of its financial affairs through the appointment of one of its officers.

#### BDSIP Ltd.

It is a company partly owned by the Council established to advance the education of pupils. It will do this by delivering consistently excellent services to educational institutions and promoting efficiency and effectiveness of the application of resources.

# Notes to Core Financial Statements

## B&D Reside Weavers LLP

It is a company partly owned by the Council established to manage the rental of 729 affordable housing in Barking.

### Wholly owned subsidiaries:

- **B&D Energy Ltd**  
B&D Energy Ltd is established to drive the Borough to become the “green capital of the capital”. It aims to do this through the delivery of low carbon and zero energy carbon projects throughout the Borough and east London area.
- **Barking and Dagenham Reside Ltd**  
This provides 477 affordable rented properties in the Barking area. The properties are based at the Eastern End of Thames View and William Street Quarter.
- **Barking and Dagenham Reside Regeneration Ltd**  
This is a partner in the letting and management of 243 affordable homes in the Barking area. The Company is a partner in Barking & Dagenham Reside Abbey Roding LLP. The Company is also a partner in B&D Reside Regeneration LLP.
- **Barking and Dagenham Reside Regeneration LLP**  
This is a partnership which has built and manages 145 properties.
- **Barking and Dagenham Reside Abbey Roding LLP**  
Barking and Dagenham Abbey Roding LLP is a partnership which is 99% owned by the Council. It provides 144 affordable rented properties in Abbey Road in Barking, at 80% of market rent.
- **TPFL Regeneration Ltd**  
This was set up to build 477 new homes, which were completed in May 2014, that are now managed by Barking and Dagenham Reside Ltd.
- **Barking and Dagenham Homes Ltd**  
This manages 619 new affordable rental homes in Becontree.
- **Barking and Dagenham Trading Partnership Ltd**  
This is the parent company of a group of five wholly owned subsidiaries summarised below, which was established to provide cleaning, catering and repairs and maintenance services. The group provides competitively priced services to the Council and to external entities with the aim of delivering dividends to the Council.
- **BD Management Services Ltd.**  
It provides repairs and maintenance services to the Council through a mixture of management of the Council’s own labour force and sub-contracting.
- **BD Service Delivery Ltd.**  
It provides a full range of repairs and maintenance services to non-council owned properties through direct contracts with individual customer
- **BD Together Ltd.**  
It provides catering, cleaning and data Services to Schools and private organisations within the Borough.

## Notes to Core Financial Statements

- **BD Corporate Cleaning Ltd.**  
It provides cleaning services to the Council.
- **Londoneast-UK Ltd.**  
It provides serviced offices, facilities management and support services to businesses in the Borough.

All unsold share of ownerships are recorded within Property, Plant and Equipment

- **Be First (Regeneration) Ltd**  
Be First has the remit of accelerating the pace and scale of regeneration in the Borough, whilst delivering affordable housing and shaping inclusive, sustainable and healthy communities for the future.

### Directorships or Trusteeships

A number of elected members are either Directors or Trustees of a number of bodies that deliver services to the community or work in partnership with the Council.

Below are details of payments made to and received from the related parties with which the Council had material transactions:

## Notes to Core Financial Statements

Party	Income £	Expenditure £	2025/26		Loans £
			Creditors £	Debtors £	
B & D Energy Ltd	(22,934)	2,373,534			(15,194,378)
Barking & Dagenham Citizen Advice Bureau	(12,647)	690,564			
Barking & Dagenham Trading Partnership - Ltd	(336,965)	23,523			(41,611,001)
Barking & Dagenham Management Services	(5,974)	37,978,034			
Barking & Dagenham Corporate Cleaning Ltd		2,218,443			
TPFL Regeneration Ltd		5,939,342			
Reside Regeneration LTD	(177,036)			40,971	
B&D Reside Roding ltd		3,461			
Reside Regeneration LLP	(464,805)				(4,755,602)
Reside Weavers LLP	(1,258,736)	73,318			(262,305,133)
Reside Ltd	(11,066)				
Reside Abbey Roding LLP	(7,256)				
B&D Homes					(107,139,205)
BARKING RIVERSIDE LTD	(19,002)	656,346			(5,500,000)
Londoneast - UK Limited		123,808			
BDSIP Ltd.	(134,232)				
Be First (Regeneration) Ltd.	(197,332)	6,573,171			
Make It Bow Ltd	(33,582)	353			(167,882)

## Notes to Core Financial Statements

Party	Income £	Expenditure £	2024/25		Loans £
			Creditors £	Debtors £	
B & D Energy Ltd	(63,132)	1,275,597			14,453,128
Barking & Dagenham Citizen Advice Bureau	(13,188)	402,000			
Barking & Dagenham Trading Partnership - Ltd	(475,253)	27,895			38,277,263
Barking & Dagenham Management Services	(168)	40,336,800			
Barking & Dagenham Corporate Cleaning Ltd	(5,872)	2,117,774			
Barking & Dagenham Together Ltd	(20,513)	2,740,214			
TPFL Regeneration Ltd	(222,465)	5,160,409			72,047
Reside Regeneration LTD	(385,864)				
B&D Reside Roding ltd				40,971	
Reside Regeneration LLP	(387,615)				4,755,602
Reside Weavers LLP	(1,182,206)	50,593			245,599,003
Reside Ltd	(1,669)	1,180	(372,642)		
Reside Abbey Roding LLP	(42,978)				
BD Muller Developments					103,378,120
B&D Homes	(193,786)				
BARKING RIVERSIDE LTD	(79,696)	88,534			5,500,000
Londoneast - UK Limited		1,788			
BDSIP Ltd.	(136,365)	1,285,088			
Be First (Regeneration) Ltd.	(484,290)	11,680,666			
Make It Bow Ltd	(39,331)	5,291			190,848

# Notes to Core Financial Statements

## 27. Capital expenditure and Financing

<b>Capital Financing Requirement</b>	<b>2025/26</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
<b>Opening Capital Financing Requirement</b>	<b>2,073,642</b>	<b>1,926,666</b>
<b>Capital investment</b>		<b>6</b>
Property, Plant and Equipment	160,626	227,116
Property, Plant and Equipment - Finance Lease additions	2,364	38,017
Property, Plant and Equipment - PFI additions	224	187
Investment Properties	2,428	1,383
Heritage Assets	1,242	161
Revenue Expenditure Funded from Capital under Statute	33,682	56,350
Long Term Debtors	84,530	141,715
IFRS16 Lease Liability Remeasurement	26,133	
<b>Sources of Finance</b>		
Capital receipts	(24,875)	(47,973)
Government grants and other contributions	(33,995)	(29,380)
Sums set aside from revenue:		
Direct revenue contributions	(3,043)	(8,628)
MRP	(30,628)	(28,435)
Repayments of CFR from Capital Receipts	(108,294)	(189,972)
Major Repairs Reserve	(11,298)	(13,564)
<b>Increase in Capital Financing Requirement</b>	<b>99,096</b>	<b>146,976</b>
<b>Closing Capital Financing Requirement</b>	<b>2,172,738</b>	<b>2,073,642</b>

### Explanation of Movements in Year

Increase in underlying need to borrow (unsupported by government financial assistance)	70,375	108,772
Assets acquired under leases	28,497	38,017
Assets acquired under PFI/PPP contracts (lifecycle costs)	224	187
<b>Increase in Capital Financing Requirement</b>	<b>99,096</b>	<b>146,976</b>

The total amount of capital expenditure incurred in the year is shown in the table above (including the value of assets acquired under leases and PFI/PP contracts) - see notes 28 and 29, 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 the second part of this note.

# Notes to Core Financial Statements

## 28. Leases

### a) Council as Lessee

#### IFRS 16

The Council adopted IFRS 16 Leases with effect from 1 April 2024 in accordance with the CIPFA Code of Practice on Local Authority Accounting. IFRS 16 replaced IAS 17 and requires lessees to recognise most leases on the Balance Sheet through the recognition of a right-of-use (ROU) asset and a corresponding lease liability, with exemptions for short-term leases and leases of low-value assets.

Implementation of IFRS 16 has been completed over more than one financial year. During 2024/25, the Council recognised those lease arrangements identified and available for transition at that time and prepared the associated IFRS 16 disclosures. During 2025/26, further work has been undertaken to complete the implementation following the availability of additional system functionality and the completion of detailed lease reviews.

As part of this work, three leases previously accounted for as finance leases under IAS 17 have been transitioned to the IFRS 16 measurement model. This has resulted in an increase in lease liabilities of approximately £26 million. Two of these leases relate to investment properties and are accounted for in accordance with IAS 40. Consequently, the related right-of-use assets continue to be measured at fair value through the Council's annual valuation process, and their carrying amounts do not directly correspond to the associated lease liabilities. These assets are disclosed within the Investment Property note, while the related lease liabilities are included within the IFRS 16 lease liability disclosures. The remaining lease relates to an operational building and is included within Property, Plant and Equipment

A further review also identified additional right-of-use assets of approximately £1.9 million relating to Property, Plant and Equipment that should have formed part of the original IFRS 16 transition. The associated right-of-use assets and lease liabilities have been recognised during 2025/26 as part of completing the Council's implementation of IFRS 16.

The Council also continues to account for its PFI lease liabilities using the previous valuation model pending completion of revised calculations within the new IFRS 16 system. The revised model will apply the effective interest rate methodology required by IFRS 16. Whilst the financial statements include the best information currently available, the PFI lease liability balances is subject to change following completion of the IFRS 16 re-measurement (See Note 29).

As part of completing the implementation of IFRS 16, the Council identified additional lease liabilities and right-of-use assets relating to leases that had not been fully transitioned during the initial implementation in 2024/25. The Council determined that these adjustments should be recognised in the 2025/26 financial statements as part of completing the implementation of IFRS 16, rather than by restating the prior year comparatives. This approach provides a complete IFRS 16 position as at 31 March 2026. The adjustments have no impact on the Cost of Services or the General Fund balance and are reflected through the Movement in Reserves Statement, principally within the Capital Adjustment Account.

The Council has adopted IFRS 16 using the modified retrospective approach and has not restated prior year comparative figures. Transition adjustments arising from completion of the Councils IFRS 16 implementation have been recognised in the 2025/26 financial statements.

## Notes to Core Financial Statements

The Council has continued to apply the recognition exemptions permitted by IFRS 16 for short-term leases and leases of low-value assets.

IFRS 16 replaces the previous standard IAS 17 Leases. In previous years, property, plant and equipment was only brought onto the Balance Sheet as an asset where the Council secured substantially all the risks and rewards incidental to ownership of the leased item (finance leases). For all other leases (operating leases), no assets were recognised and rents were charged as expenses when they became payable. The adoption of IFRS 16 has resulted in a change in accounting policy for leases. Under IFRS 16, lessees are required to recognise most leases on the balance sheet, recording a right of use (ROU) asset and a corresponding lease liability, except for short term leases and low value leases which are recognised as an expense on straight line bases.

Right of use assets are depreciated over the lease term or the useful life. Lease liabilities are measured at the present value of lease payments, discounted using the Council's incremental borrowing rate when lease contracts did not specify an interest rate. Lease payments are apportioned between a reduction in lease liability and an interest charge.

### Right of use assets

The table below shows the change in the value of right-of-use assets held under leases by the Council:

	Land and buildings	Vehicles, plant and equipment	Total
	£000	£000	£000
<b>Balance at 1 April 2025</b>	368,273	392	368,665
Additions	-	2,364	2,364
Revaluations	(1,965)	-	(1,965)
Depreciation and Amortisation	(26,071)	(785)	(26,856)
<b>Balance at 31 March 2026</b>	<b>340,237</b>	<b>1,971</b>	<b>342,208</b>

### Transactions under leases

The authority incurred the following expenses and cash flows in relation to leases:

Comprehensive income and expenditure statement	2025/26	2024/25
	£000	£000
Interest expense on lease liabilities	11,396	9,451
Expense relating to short-term leases	83	76
Expense relating to exempt leases of low-value items	460	243

Cash flow statement	2025/26	2024/25
	£000	£000
Repayment of lease liabilities (principal)	14,220	28,757
Cash payments for interest portion of lease liabilities	11,396	9,451
Short term lease payments where exemptions taken	64	45
Low value lease payments where exemptions taken	604	190

## Notes to Core Financial Statements

### Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected payments):

	2025/26	2024/25
	£000	£000
Less than one year	25,880	22,705
One to five years	55,026	56,050
More than five years	469,082	436,174
<b>Total undiscounted liabilities</b>	<b>549,988</b>	<b>514,929</b>

### b) Council as Lessor

#### Operating Leases

The Council leases out property under operating leases for investment purposes. These assets are classed as investment properties within the Balance Sheet. The future minimum lease payments receivable under non-cancellable leases in future years are:

#### Future Minimum Lease Payments Receivable

	2025/26	2024/25
	£000	£000
Not later than one year	19,111	18,676
Later than one year and not later than five years	67,685	66,921
Later than five years	224,313	238,719
	<b>311,109</b>	<b>324,316</b>

## 29. Private Finance Initiatives and similar contracts

### a) PFI Schemes – Eastbury and Jo Richardson Schools

On 30 March 2004, the Council contracted with Bouygues (UK) Ltd to provide secondary school and community facilities for the Jo Richardson Community School at Castle Green Park and refurbishment works and services at Eastbury Comprehensive School under a Private Finance Initiative (PFI). The schools opened in September 2005 and provide the necessary suitable places to cater for steadily increasing pupil numbers in the Borough.

#### Changes in the arrangements during the year (Property, Plant and Equipment)

The assets used to provide services at the schools are recognised on the Council's Balance Sheet and movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 8.

## Notes to Core Financial Statements

### Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2026 (excluding any estimation of inflation and availability/ performance deductions) are as follows:

	Payment for Services £000	Reimburse- ment of Capital Expenditure £000	Interest £000	Total 2025/26 £000	Total 2024/25 £000
Payable within one year				6,261	6,261
Payable within two to five years				25,044	25,044
Payable within six to ten years				-	6,261
Payable within eleven to fifteen years					-
<b>Total</b>				<b>31,305</b>	<b>37,566</b>

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

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

### Contractor Liability

	2025/26 £000	2024/25 £000
Balance Outstanding at 1 April	13,210	14,862
Payments during the year	(1,824)	(1,653)
<b>Balance Outstanding 31 March</b>	<b>14,862</b>	<b>13,210</b>

### b) PFI Scheme – Dagenham Park School

On 28th October 2010, the Council signed an agreement for the Local Educational partnership (LEP) to deliver two new school buildings and ICT provision at Dagenham Park and Sydney Russell School. Dagenham Park School is a PFI scheme. The school opened on the 9th March 2012 and the contract will be in place for 25 years, after which time the school will be owned by the Council.

### Changes in the arrangements during the year (Property Plant and Equipment)

The assets used to provide services at the schools are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 8.

### Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year,

## Notes to Core Financial Statements

but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2026 (excluding any estimation of inflation and availability/ performance deductions) are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total 2025/26 £000	Total 2024/25 £000
Payable within one year				4,193	4,193
Payable within two to five years				16,774	16,774
Payable within six to ten years				20,967	20,967
Payable within eleven to fifteen years				4,193	8,387
Payable within sixteen to twenty years				-	-
<b>Total</b>				<b>46,128</b>	<b>50,322</b>

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

### Contractor Liability

	2025/26 £000	2024/25 £000
Balance Outstanding at 1 April	21,213	22,291
Payment during the year	(1,328)	(1,265)
Capital expenditure incurred in the year	224	187
<b>Balance Outstanding 31 March</b>	<b>20,109</b>	<b>21,213</b>

## 30. Pension Schemes accounted for as Defined Contribution Schemes

The Council employs teachers and public health staff who are members of the Teachers' Pension Scheme (administered by the Department for Education) and the NHS Pension Scheme respectively. These schemes provide specified benefits upon retirement, and the authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Schemes are technically defined benefit schemes. However, they are unfunded and use a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025//26, the Council paid around £29m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.7% of pensionable pay. The figures for 2024/25 were £21.3m and 23.7% respectively. There were no contributions remaining payable at the year-end. For NHS staff in 2025/26 the figures were c£0.04m and 16.9% (14.4% plus an additional amount that is invoiced of 2.5%). In 2024/25 the figures were c£0.04m and 16.9% respectively.

## Notes to Core Financial Statements

It is expected the Council will pay around £39m for 2026/27 in respect of teachers' retirement benefits.

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

### 31. Defined Benefit Pension Schemes

#### Participation in Pension Schemes

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

- The Local Government Pension Scheme (LGPS), administered by the Council: this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement: this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. There have been no new awards during the year.
- The pension scheme is operated under the regulatory framework for the LGPS and the governance of the scheme is the responsibility of the Pension Panel of the Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Pension Panel.
- The principal risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.
- From 1 April 2014 the defined benefit final salary scheme ceased and was replaced with a defined benefit career average scheme.

Amendments to the IAS19 standard now requires that, when determining any past service cost or gain or loss on settlement, the net defined benefit liability is remeasured using current assumptions and the fair value of plan assets at the time of the event. The amendment does, however, note that the extra remeasurement does not need to be applied where the application of that remeasurement is immaterial. Eight events, which occurred over the accounting period, have been treated as material 'special events'.

#### Discretionary Post-retirement Benefits

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

## Notes to Core Financial Statements

### Transaction Relating to Post-Employment Benefits

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

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

### Guaranteed Minimum Pension (GMP) Equalisation

As a result of the High Court's recent Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have made adjustments to accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. HM Treasury have confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes.

On 23 March 2022, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016.

The valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, it has been assumed that the Fund will be required to pay the entire inflationary increase. Therefore, the assumption is consistent with the consultation outcome and adjustments to the value placed on the liabilities as a result of the above outcome is not required.

### McCloud Judgement

The LGPS benefit structure is currently under review following the Government's loss of the right to appeal the McCloud and other similar court cases. Additional prudence has been built into funding plans to allow for the McCloud ruling so the gross pension liability takes this into account.

### Asset Ceiling (Onerous Funding Commitment)

Employers with a funding deficit at the last valuation will be paying secondary contributions to make good the deficit over the recovery period. Under IFRS, there can therefore be a minimum funding requirement to make secondary contributions. It is possible that these secondary contributions, once paid, lead to a future accounting surplus that cannot be realised due to the asset ceiling. In such cases the requirement to make these contributions leads to an additional accounting liability known as the Onerous Funding Commitment. As a result of the asset ceiling, an increase in the pension liabilities has been recognised by the Council to reflect the current commitment to pay employer's contributions to recover a deficit in the Pension Fund that has been assessed as greater than the net pension liability established under Accounting Code requirements.

# Notes to Core Financial Statements

## LGPS Relating to the Subsidiaries

The Council has TUPE transferred staff to a number of wholly owned companies, including Be First, BD SIP, BD Corporate Cleaning Ltd, BD Together Ltd and BD Management Services Ltd. Passthrough pension arrangements have been agreed for all of these companies. Passthrough is achieved because the Council substantially retains pension risk under the arrangements, as a result it is appropriate for the Council to report each of the contracting companies' share of the pension assets/liabilities under IAS19.

The passthrough arrangement effectively mean that, for the purposes of the administration and valuation of the Scheme and the calculation of any payments due to or from the Fund under this Admission Agreement and the 2013 Regulations, all liabilities of the Fund in respect of the Eligible Employees will continue to be treated as liabilities which are attributable to the Council, and the corresponding assets held within the Fund which relate to those liabilities will continue to be treated as allocated to the Council's notional sub-fund within the Fund on and from the Commencement Date.

The companies will account for contributions through charging these to the profit and loss account in the period to which they relate. The following transactions have been made in the CIES and the General Fund Balance via the Movement in Reserves Statement during the year:

	LGPS	
	2025/26	2024/25
<b>Comprehensive Income and Expenditure Statement</b>	<b>£000</b>	<b>£000</b>
<b>Cost of Services</b>		
Service cost (including administration expenses)	(18,245)	(24,812)
Net interest on the defined liability (asset)	(16,303)	2,412
<b>Total Post-Employment Benefits charged to the Surplus or Deficit on the provision of services</b>	<b>(1,942)</b>	<b>(22,400)</b>
<b>Remeasurement of the net assets / (defined liability):</b>		
Return on Fund assets in excess of interest	54,133	4,931
Other actuarial gains/(losses) on assets	-	-
Change in financial assumptions	33,174	159,385
Change in demographic assumption	(12,768)	2,715
Experience gain/(loss) on defined benefit obligation	(59,358)	2,645
Changes in effect of asset ceiling (onerous funding commitment)	5,195	(179,861)
<b>Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>20,376</b>	<b>(10,185)</b>

### Movement in Reserve 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	1,942	<b>22,400</b>
Actual amount charged against the General Fund Balance for pensions in the year:		
Employer's contributions payable to scheme	35,698	<b>(35,827)</b>

## Notes to Core Financial Statements

### Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation) and fair value of the scheme (plan):

Scheme Liabilities	LGPS	
	2025/26	2024/25
	£000	£000
<b>Opening balance at 1 April</b>	(961,224)	1,090,374
Current Service Cost	(18,245)	22,615
Interest Cost	(52,635)	52,956
Change in financial assumptions	33,174	(159,385)
Change in demographic assumptions	(12,768)	(2,715)
Experience loss/(gain) on defined benefit obligation	(59,358)	(2,645)
Estimated benefits paid net of transfers in	0	(51,669)
Past service costs, including curtailments	51,609	1,550
Contributions by Scheme participants and other employers	(759)	11,790
Unfunded pension payments	(12,109)	(1,647)
<b>Closing Balance at 31 March</b>	<b>(1,031,106)</b>	<b>961,224</b>
<b>Scheme Assets</b>		
<b>Opening balance at 1 April</b>	1,217,532	1,158,620
Interest on assets	70,794	60,327
Return on assets less interest	54,133	4,931
Administration expenses	(1,166)	(647)
Contributions by employer including unfunded	35,698	35,827
Contributions by Scheme participants and other employers	12,109	11,790
Estimated benefits paid plus unfunded net of transfers in	(52,818)	(53,316)
Other actuarial gains/(losses)	(14,159)	0
<b>Closing Balance at 31 March</b>	<b>1,322,123</b>	<b>1,217,532</b>

### Pensions Assets and Liabilities Recognised in the Balance Sheet

#### Local Government Pension Scheme

Present value of plan assets	1,322,123	<b>1,217,532</b>
Present value of the defined benefit obligation	(1,020,805)	<b>(961,224)</b>
Present value of unfunded obligation	(10,301)	<b>(10,242)</b>
Impact of asset ceiling (onerous funding commitment)	(301,318)	<b>279,820</b>
<b>Net liability arising from defined benefit obligation</b>	<b>(10,301)</b>	<b>(23,512)</b>

The liability shows the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. Before payments fall due), as assessed by the scheme actuary;
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

## Notes to Core Financial Statements

It is important to recognise that the IAS19 valuation is based on the assumptions that are set as part of the accounting standard and do not reflect the funding strategy of the fund nor the payments made for the employers in 2024/25.

The more important Triennial Valuation is the statutory basis for assessing the Fund's liabilities and for setting the employer's contribution rate. The last triennial valuation took place in March 2022, (effective from 1 April 2023) showed a funding level of 101% for the whole fund.

The actuarial process involves sophisticated modelling techniques that look far ahead at the level and flow of pensions out of the Fund and the performance of its assets and contributions from employees and the Council. The IAS19 valuation, however, is a far more basic approach and only refers to a specific point in time.

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the LGPS and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of Actuaries, estimates for the Pension Fund being based on the latest full valuation of the scheme as at 31 March 2022.

Although the post-retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI\_2020, which was released in March 2021. At the last accounting date, the CMI\_2018 Model was adopted.

This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The new CMI\_2020 Model introduces a "2020 weight parameter" for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results. Our view is that placing too much weight on the 2020 mortality experience would not be appropriate given the abnormality of the 2020 data, however, the overall outlook for best-estimate future mortality improvements looks less positive as a result of the pandemic. Therefore we have updated to use the CMI\_2020 Model with a 2020 weight parameter of 25%.

The significant assumptions used by the actuary have been:

	2025/26	2024/25
<b>Mortality Assumptions:</b>		
Longevity at 65 for current pensioners:		
· Men	21.2 Yrs	20.6 Yrs
· Women	23.9 Yrs	23.4 Yrs
Longevity at 65 for future pensioners		
· Men	22.9 Yrs	21.9 Yrs
· Women	25.7 Yrs	25.0 Yrs
<b>Actuarial Assumptions:</b>		
Rate of Increase in Salaries	6.10%	3.90%
Rate of Increase in Pensions	2.90%	2.90%
Rate of Discounting Scheme Liabilities	4.90%	5.85%

## Notes to Core Financial Statements

### Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	£000	£000	£000
<b>Adjustment to discount rate</b>	<b>0.10%</b>	<b>0.00%</b>	<b>-0.10%</b>
Present value of total obligation	1,016,705	1,031,106	1,108,224
Projected service cost	18,313	18,972	19,653
<b>Adjustment to long term salary increase</b>	<b>0.10%</b>	<b>0.00%</b>	<b>-0.10%</b>
Present value of total obligation	1,031,681	1,031,106	1,089,299
Projected service cost	18,972	18,972	18,972
<b>Adjustment to pension increases and deferred revaluation</b>	<b>0.10%</b>	<b>0.00%</b>	<b>-0.10%</b>
Present value of total obligation	1,046,174	1,031,106	1,073,710
Projected service cost	19,704	18,972	18,263
<b>Adjustment to life expectancy assumptions</b>	<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>
Present value of total obligation	1,067,518	1,031,106	1,048,768
Projected service cost	19,653	18,972	18,307

### Notes:

In order to quantify the impact of a change in the financial assumptions used, we have calculated and compared the value of the scheme liabilities as at 31 March 2026 on varying bases. The approach taken is consistent with that adopted to derive the IAS19 figures provided in this report.

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

Please note the above figures have been derived based on the membership profile of the Employer as at the date of the most recent actuarial valuation.

### Local Government Pension Scheme assets comprised:

	Assets by Percentage		Asset By Value	
	2025/26 %	2024/25 %	2025/26 £000	2024/25 £000
<b>Equities</b>	72%	<b>77.0%</b>	955,952	<b>930,724</b>
<b>Bonds</b>	20%	<b>13.0%</b>	258,265	<b>160,366</b>
<b>Property</b>	6%	<b>6.0%</b>	80,510	<b>77,531</b>
<b>Cash</b>	2%	<b>4.0%</b>	27,396	<b>48,910</b>
<b>Total Assets</b>	<b>100%</b>	<b>100.0%</b>	<b>1,322,123</b>	<b>1,217,532</b>

# Notes to Core Financial Statements

The Employer's share of the assets of the Fund is approximately 78.29%.

## Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contribution at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 14 years. Funding levels are reviewed on an annual basis.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2026 is estimated to be £27.6m

## Projected pension expense for the year to 31 March 2026

	£000
Service cost	18,972
Net interest on the defined liability (asset)	(238)
Administration expenses	1,151
<b>Total loss / (profit)</b>	<b>19,885</b>
Employer Contributions	27,629

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2026. These projections are based on the assumptions as at 31 March 2026, as described in the main body of this report.

## 32. Accounting standards that have been issued but not yet adopted

At the balance sheet date the following new standards and amendments to existing standards have been introduced in the 2025/26 Code of Practice of Local Authority Accounting in the United Kingdom; they are not expected to have any significant impact on the 2025/26 accounts.

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9)

It is likely there will be limited impact on the Councils statements on application these standards.

## 33. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in this document, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

# Notes to Core Financial Statements

## Impairment

There is a high degree of uncertainty regarding future funding for Local Authorities. The Medium-Term Financial Strategy (MTFS) described within the Narrative Report outlines the Council's strategies for generating the cost savings that will assist in addressing future funding shortfalls. In light of this plan, the Council has determined that the uncertainty is not sufficiently quantifiable as an indicator that the assets of the Council are impaired due to a need to close facilities and accordingly reduce service provision levels.

## Leases

The Council has commenced the implementation of IFRS16 Leases from 1 April 2024, replacing IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease. As part of the transition, the Council applied IFRS 16 to identified lease arrangements but acknowledges that a full review of all contracts has not yet been completed. Accordingly, the assessment of whether some arrangements contain leases under IFRS 16 remains ongoing.

Judgement is applied in determining the lease term, particularly where extension or termination

Options exist, and in determining the incremental borrowing rate where the implicit rate is not readily available. The Council has applied recognition exemptions allowed under IFRS 16 for short term and low value leases. Where assessments are pending, the Council continues to account for those arrangements under its previous IAS 17 based policies until review is complete.

## Investment Properties

The Council has to decide whether Land and Buildings elements owned by the Council should be classed as Investment Properties in accordance with IAS 40 "Investment Property." Based upon this assessment, the Council has identified a number of assets that it holds solely for rental income or future capital appreciation purposes, or a combination of both factors, as Investment Properties. These assets are detailed within Note 11.

## Group Entities

Based upon the criteria set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, the Council has undertaken a detailed review to assess the extent of group accounting relationships. The Council has identified the entities that it consolidates on the basis of materiality in relation to the financial statements. B&D Energy Ltd; Barking and Dagenham Reside Ltd; Barking and Dagenham Reside Regeneration Ltd; Barking and Dagenham Reside Regeneration LLP; Barking and Dagenham Reside Abbey Roding LLP; TPFL Regeneration Ltd; Barking and Dagenham Homes Ltd; Barking and Dagenham Trading Partnership Ltd and its subsidiaries and Be First (Regeneration) Ltd. These parties are outlined within the Group Accounts.

## Provisions

The Council has assessed whether any potential exposure to losses should be accounted for as a year-end provision or a contingent liability based upon an analysis of significant possible liabilities using the criteria set out in IAS 37 "Provisions, Contingent Liabilities and Assets".

# Notes to Core Financial Statements

## Government Grants

Judgement is required to determine whether the Council can be reasonably assured that the conditions of grant and contribution monies received have been met before recognising these sums as income in the Comprehensive Income and Expenditure Statement. Where conditions require specific expenditure to have been incurred, the grant monies cannot be recognised until this point. Equally, where conditions outline that a grant or contribution must be repaid in the event of non-expenditure, the income is not recognised until the associated expenditure has been incurred.

## Valuation of Land and Buildings

The year-end carrying values of Land and Buildings within the Council's Balance Sheet involve a significant degree of judgement and estimation techniques. The Council engages a specialist to value its property portfolio. The results of this valuation exercise reflect the specialist's professional assessment of the conditions within the external property market.

## Componentisation

Based on the valuation specialist's assessment, the Council analyses Land and Buildings across several individual components in order to produce a weighted useful economic life and thereby more accurately estimate depreciation.

## Voluntary-Controlled Schools (VC); Voluntary Aided (VA) and Free Schools

The Council has assessed whether or not schools these schools should be included within the year-end Balance Sheet. In accordance with CIPFA guidance, the Council has determined, following the assessment of each individual case on its merits, that only those schools which are in the direct ownership of the Council should be disclosed within the Balance Sheet.

## Accounting for Academies

The Council has not recognised non-current assets relating to Academies as it is of the opinion that these assets are not controlled by the Council. When a school that is held on the Council's Balance Sheet transfers to Academy status, the Council accounts for this as a disposal for nil consideration on the date that the schools convert to Academy status, rather than as an impairment on the date that approval to transfer to Academy status is announced.

## Highway Infrastructure

The Council has elected to take up the statutory override relating to the accounting for highways infrastructure assets which is applicable for all statements of accounts that are currently open up to 1<sup>st</sup> April 2029. In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 paragraph 3(a), where we replace a component of an infrastructure asset, for the purposes of determining the carrying amount to be derecognised in respect of that component we determine the relevant amount as nil. The reason for making this choice, allowable by the above statutory provision, is that in some cases the historic information held on previously recognised infrastructure may not be sufficiently detailed enough to prove the judgement that the components being replaced are fully depreciation or that any remaining balance would not be material. The Council is not required to make any prior period adjustment to the balances of the statement of accounts in respect of infrastructure assets.

# Notes to Core Financial Statements

## Defined Benefit Pensions Schemes

In calculating the net pensions asset, the Council has made a judgement that the statutory framework for setting employer's contributions under its pension schemes constitutes a minimum funding requirement. This limits the Council's ability to realise the full economic benefits through reductions in future employer's contributions. Accounting standards IAS 19 paragraph 64 and IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirement' require a net pension asset to be recognised up to the level of the asset ceiling. This is calculated by the actuary based upon discount rates and a number of forecasts such as salary estimates and employer contributions to the pension fund. The net pension asset has been adjusted to reflect the valuations provided by the actuaries which incorporate the asset ceiling.

## PFI Contracts

The Council is engaged in two school PFI contracts. After an assessment under the requirements of IFRIC 12, it has been determined that both arrangements are controlled by the Council. The Accounting Policies relating to PFI schemes have therefore been applied to these two contracts with the associated assets recognised with the Council's year-end Balance Sheet.

## 34. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

The item in the Council's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:

### Property, Plant and Equipment - Valuations

Non-current asset valuations are a significant estimate included on the Council's balance sheet and are subject to market uncertainties and various assumptions, based on the professional judgement of experts. These valuations are carried out by qualified external valuers, with all material assets subject to valuation valued as at the balance sheet date and other assets valued over a 5-year rolling programme.

Any increase/decrease in valuation will either increase/decrease the level of the Revaluation Reserve, and the amount shown under Other Comprehensive Income and Expenditure or will affect the Net Cost of Services. There is no impact on usable reserves from valuation adjustments as these are reversed in line with statutory guidance.

### Property, Plant and Equipment – Depreciation

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. Useful lives are regularly reviewed by the external valuers as part of the valuation process.

## Notes to Core Financial Statements

For every year the asset life is reduced, the depreciation charge increases by approximately £0.98m and the carrying amount of the assets will fall by the same amount. There is no impact on usable reserves from depreciation.

### Valuation of HRA dwellings

The valuation of HRA Dwellings has been split between land and buildings. Land values do not depreciate. The proportion of total HRA Dwellings value attributable to land has been derived by multiplying the residential land rate per hectare by the hectareage occupied by HRA Dwellings; the remaining balance of the total value is attributable to buildings and is depreciated.

### Pension Liability

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 these assumptions and judgments (see note

### Investment Properties

Investment properties are measured at Fair Value under IFRS13 as at 31st March annually by qualified external valuers, using valuation techniques to determine the fair value. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, or the best information available. Changes in assumptions and professional judgements used could affect the fair value of investment properties.

Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date. Any movements in the fair value of investment properties affect the balance sheet value of the asset and are also charged through Financing and Investment Income and Expenditure, but with no impact on usable reserves.

## 35. Events after the Reporting Period

There were no events after the reporting period.

## 36. Contingent Assets and Liabilities

At 31 March 2026 there were no contingent assets or contingent liabilities.

## 37. Statement of Accounting Policies

### i. General Principles

The Statement of Accounts summarise the Council's transactions for the 2025/26 financial year and its financial position at the year end of 31 March 2026. The Council is required to prepare

## Notes to Core Financial Statements

an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS).

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

### ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected. The above policies are applied in an appropriate manner to avoid material misstatement in the financial statements. For the financial year in question, a de minimis of £10,000 was applied to both debtors and creditors.

### iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

### iv. Charges to Revenue for Non-Current Assets

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

- Depreciation attributable to the assets used by the relevant service;

## Notes to Core Financial Statements

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

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

### v. Council Tax and Business Rates

The Council acts as agent, collecting Council Tax and Business Rates on behalf of the preceptors and, as principal, collecting Council Tax and Business Rates for itself. The Council is required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and Business Rates. Under the legislative framework for the Collection Fund, the Council, major preceptors and central government share proportionately the risks and rewards that the amount of Council Tax and Business Rates collected could be less or more than predicated.

### vi. Accounting for Council Tax and Business Rates

The Council Tax and Business Rates 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 Business Rates 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.

The Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and Business Rates relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows

### vii. Employee benefits

#### a) Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the authority.

## Notes to Core Financial Statements

An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### **b) Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the relevant service, or where applicable, to the Core line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructure.

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

### **c) Post Employment Benefits – Teachers' and NHS Pensions**

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);
- The NHS Pension Scheme, administered by NHS Pensions and
- The Local Government Pensions Scheme, administered by LBBB Pension Fund.

All schemes provided defined benefits to members, earned as employees of the Council.

The arrangements for the Teachers' and NHS Pension Schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they had been a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement was charged with the employer contributions payable to Teachers' Pensions in the year, while NHS pension contributions are included in the Public Health line.

### **d) The Local Government Pension Scheme**

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

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

## Notes to Core Financial Statements

- Liabilities are measured on an actuarial basis discounted to present value, using the projected unit method. The discount rate to be used is determined in reference to market yields at balance sheet date of high quality corporate bonds.
- The assets of London Borough of Barking and Dagenham pension fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities - current bid price;
  - unquoted securities - professional estimate;
  - unitised securities - current bid price;
  - property - market value; and
  - limited partnerships - fair value on net asset value.

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

Service costs comprising:

- current service cost - the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost - the increase in liabilities arising from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years;
- net interest on the net defined benefit liability (asset), ie 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 charged to the Financing and Investment Income and Expenditure line of 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.

Re-measurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- contributions paid to the XYZ pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions

## Notes to Core Financial Statements

Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### e) Discretionary Benefits

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

### viii. Events after the Reporting Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. There are two types of events, adjusting and non-adjusting:

- Where the event is supported by evidence of conditions that existed at the end of the reporting period the Statement of Accounts is adjusted to reflect the impact of the event; and
- Where the event is supported by evidence of conditions that arose after the reporting period the Statement of Accounts is not adjusted, but where the impact of the event is material the nature of the event is disclosed in a separate note setting out the nature of the event and the estimated financial impact.

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

### ix. Financial Instruments

#### 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. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

#### Financial Assets

Financial assets in the council are classified as financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet

## Notes to Core Financial Statements

represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.

### Expected Credit Loss Model (ECL)

The ECL implications for those financial assets not treated as fair value are minimal for the majority of the treasury investment as the Council adopts strict credit quality arrangements in accordance with the CIFPA Treasury Management Code of Practice. In addition to the day to day treasury investments the Council also has outstanding loan agreements with a number of third parties, including a number of its wholly owned subsidiaries.

Changes in the value of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

### x. Government Grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to either the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) 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 Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### xi. 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 (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive income and Expenditure Statement

## Notes to Core Financial Statements

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.

### xii. Interest in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

### xiii. Heritage assets

Heritage assets are assets held by the Council principally for their contribution to knowledge and culture. They are a distinct class of asset which is reported separately from Property, Plant, and Equipment. The heritage assets held by the Council have been categorised as follows:

- Works of Art
- Museum exhibits
- Monuments & Statues
- Historic sites
- Civic Regalia

The Code requires councils to recognise heritage assets where the Council has information on the cost or value of the asset. However, the unique nature of many heritage assets makes reliable valuation complex. Where it is not practical to obtain a valuation for an asset (at a cost which is commensurate with the benefits to users of the Financial Statements) and cost information is available, the asset will be carried at historical cost (less any accumulated depreciation, amortisation and impairment losses) as permitted by the Code.

Valuations may be made by any method that is appropriate and relevant to the heritage asset: this includes insurance valuations for museum collections, monuments & statues, historic sites, and civic regalia. It is not a requirement of the Code for valuations to be carried out or verified by external valuers. Although there is no prescribed minimum period between full valuations, the Council considers it appropriate to seek a full valuation every five years.

Impairment reviews will only take place where there is physical deterioration or new doubts as to the authenticity of the heritage asset. Any impairment recognised will be treated in accordance with the Council's policy on impairments.

### xiv. Investment Properties

Investment properties are those that are used solely to earn rentals (to generate a minimum yield of 6% in accordance with the Council's Standing Orders) 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 (operational assets) or is held for sale (assets for disposal).

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to

## Notes to Core Financial Statements

the 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.

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

### xv. Long term contracts

Long-term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

### xvi. Leases

From 1 April 2024, the Council applies IFRS 16 Leases. The standard requires the recognition of right of use asset and lease liabilities for most leases, removing the previous distinction between operating and finance leases. The Council has applied recognition exemptions for short term leases (12 months or less) and low value leases. Lease liabilities are initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease or, if not available the Council's incremental borrowing rate.

As part of the transition, the Council has applied IFRS 16 to identified lease arrangements. Until such reviews are complete, those contracts continue to be accounted for under previous IAS 17 based policies.

### The Council as Lessee

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

#### Initial measurement

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

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

28. fixed payments, including in-substance fixed payments

- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee

## Notes to Core Financial Statements

- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

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

### Subsequent measurement

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

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

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

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

### Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £5,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

# Notes to Core Financial Statements

## Lease expenditure

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

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

## The Council as Lessor

### 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 start of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

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

### Operating Leases

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

## Notes to Core Financial Statements

Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg 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.

### xvii. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2025/26 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

### xviii. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. It should be noted that Voluntary-aided schools are not recorded in the Council's balance sheet. For information on assumptions made about PPE current value and valuing method please refer to Note 35 and Note 11

#### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Any expenditure which does not add value to the asset is written off in accordance with the accounting policy on impairment as set out below. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The de minimis level for capitalisation of assets, in line with councils' financial rules and legislation, is set at:

- £2,000 for expenditure by schools;
- £6,000 for vehicles;
- £20,000 for all other expenditure.

#### 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.

It is the council's policy to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case,

## Notes to Core Financial Statements

where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

<b>Asset class</b>	<b>Measurement basis</b>
Infrastructure, Assets Under Construction	Depreciated Historical Cost
Community Assets	Depreciated Historical Cost or Valuation
Council Dwellings	Existing use value - social housing (EUV - SH)
Other Land & Buildings, Vehicles Plant & Equipment	Existing use value (EUV) or depreciated replacement cost (DRC) using the 'instant build' approach if EUV cannot be determined
Surplus Assets	Fair value applying the same assumptions relating to the level of usage etc, as those of the most recent revaluation as an operational asset

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

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

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

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

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

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

# Notes to Core Financial Statements

## Impairment

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

Where impairment losses are identified, they are accounted for by:

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

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

## Depreciation

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

- Depreciation is calculated on the following bases:
- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 20 years.

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

## Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on assets held for sale. If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had

## Notes to Core Financial Statements

they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government [England only]. The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment [or set aside to reduce the authority's underlying need to borrow (the capital financing requirement) (England and Wales)]. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### Infrastructure assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (eg 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.

### 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

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

## Notes to Core Financial Statements

depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network are assessed by the Chief Highways Engineer using industry standards where applicable as follows:

Part of highways Network	Useful life
Carriageways	20 years
Footways and cycle tracks	20 years
Street lighting	20 years
Street furniture	20 years
Structures	20 years
Traffic management systems	20 years

### Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves

### xix. Private Finance Initiatives (PFI)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the authority at the end of the contracts for no additional charge, the authority carries the assets used under the contracts on its Balance Sheet as part of property, plant and equipment.

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

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

The amounts payable to the PFI operators each year are analysed into four 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
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

## Notes to Core Financial Statements

- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)

### xx. Reserves

The authority 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 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 authority – these reserves are explained in the relevant policies.

### xxi. Revenue Expenditure Funded from Capital under Statute

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

### xxii. Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (ie 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 authority as if they were the transactions, cash flows and balances of the authority.

### xxiii. VAT

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

### xxiv. Fair Value Measurement

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

- a) in the principal market for the asset or liability, or

## Notes to Core Financial Statements

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

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

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

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

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

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

Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

# HOUSING REVENUE ACCOUNT



## Housing Revenue Account Income and Expenditure Statement

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

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

	2025/26	2024/25
	£000	£000
HRA Expenditure	105,817	67,944
HRA Income	(130,554)	(95,951)
<b>Net cost of HRA Services as included in the Council's Comprehensive Income &amp; Expenditure Statement</b>	<b>(24,737)</b>	<b>(28,007)</b>
HRA services' share of Corporate & Democratic Core	1,003	1,105
<b>Net Cost/(Surplus) for HRA</b>	<b>(23,734)</b>	<b>(26,902)</b>

### HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:

Gain) / Loss on sale of HRA non-current assets	(25,351)	(9,684)
Interest Payable and similar charges	10,885	11,145
Interest & Investment Income	(1,944)	(1,619)
Movement in fair value of Investment Property	(75)	(403)
Net interest on the net defined benefit liability	(701)	(297)
Capital grants and contributions recognised	(1,607)	(298)
<b>(Surplus) / Deficit for the year of HRA Services</b>	<b>(42,527)</b>	<b>(28,058)</b>

## Movement on the Housing Revenue Account Statement

The overall objectives for Movement on the HRA Statement and the general principles for its construction are the same as those generally for the Movement in Reserves Statement, into which it is consolidated. The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

	2025/26 £000	2024/25 £'000
<b>Balance at 1 April</b>	<b>(26,179)</b>	<b>(15,545)</b>
(Surplus)/Deficit for the year on the HRA Income & Expenditure Statement	(42,527)	(28,058)
Adjustments between accounting basis and funding basis under statute	39,788	14,704
<b>Net increase before transfers to/from reserves</b>	<b>(2,739)</b>	<b>(13,354)</b>
Transfers to / (from) earmarked reserves	2,739	2,720
<b>(Increase) / decrease in year on the HRA</b>	<b>0</b>	<b>(10,634)</b>
<b>Balance at 31 March</b>	<b>(26,179)</b>	<b>(26,179)</b>

Adjustments between accounting basis and funding basis under statute	2025/26 £000	2024/25 £'000
Gain/(loss) on HRA - Non Current Assets	25,351	9,684
Revaluation/Impairment of Housing Assets	(1,164)	(1,775)
Movement in fair value of Investment Property	75	403
Holiday pay accruals and other accumulating compensated absences	(69)	91
IAS 19 Pension costs adjustment	1,330	803
Capital grants and contributions	1,607	298
Transfer to the Major Repairs Reserve	12,658	0
Capital expenditure funded by the HRA	0	5,199
<b>Total adjustments</b>	<b>39,788</b>	<b>14,703</b>

# Notes to the Housing Revenue Account

## 1. Housing Stock

The Council was responsible for managing an average of 15,904 dwellings units during 2025/26.

Dwelling type	Units	Year of construction	Units
Low rise flats	1,893	Pre 1919	140
Medium rise flats	3,608	1919 – 1944	8,049
High rise flats	1,631	1945 – 1964	3,377
Houses and Bungalows	8,635	Post 1964	4,207
Multi Occupied	6		
	<b>15,773</b>		<b>15,773</b>

The balance sheet value of land, houses and other property within the HRA is as follows:

	2025/26	2024/25
	units	units
<b>Stock at 1 April</b>	<b>16,036</b>	<b>16,130</b>
<b>Movement in Year</b>		
Sales - Right to Buy	(269)	(110)
Additions - Buybacks awaiting Demolition	6	15
Demolitions	0	0
Additions - New Build	0	0
Shared Ownership staircasing	0	(1)
Duplicate property removed	0	0
<b>Stock at 31 March</b>	<b>15,773</b>	<b>16,036</b>

## 2. Vacant Possession Value

The vacant possession value of dwellings within the HRA at 31 March 2026 was £4.89 billion (£4.96 billion 31 March 2025).

The balance sheet value of dwellings, which is stated at Existing Use Value - Social Housing (EUV - SH), is lower than the vacant possession value. This shows the economic cost to the government in providing council housing at less than the open market rental value.

# Notes to the Housing Revenue Account

## 3. Major Repairs Reserve

The following is an analysis of the Major Repairs Reserve (MRR):

	2025/26 £000	2024/25 £000
<b>Balance at 1 April</b>	<b>(8,703)</b>	<b>(2,778)</b>
Amount transferred to MRR (Depreciation)	(20,092)	(19,489)
Debits to the MRR in respect of capital expenditure on HRA land and buildings	11,297	13,564
Transfers from HRA to MRR	(12,658)	0
<b>Balance at 31 March</b>	<b>(30,156)</b>	<b>(8,703)</b>

## 4. Capital Expenditure and Receipts

The following analyses HRA capital expenditure and the source of funding used.

2025/26 HRA capital expenditure and funding:	Major Repairs Reserve £000	Direct Revenue Funding £000	Capital grants £000	Capital Receipts £000	Total £000
Houses	11,298	-	1,500	2,296	<b>15,094</b>
Vehicles, Plant and Equipment	-	-	-	65	<b>65</b>
Other property	-	-	-	3	<b>3</b>
Infrastructure Assets	-	-	-	-	-
Assets Under Construction	-	-	-	-	-
<b>Total Financing Applied</b>	<b>11,298</b>	<b>-</b>	<b>1,500</b>	<b>2,364</b>	<b>15,162</b>

2024/25 HRA capital expenditure and funding:	Major Repairs Reserve £000	Direct Revenue Funding £000	Capital grants £000	Capital Receipts £000	Total £000
Houses	13,564	4,846	-	218	<b>18,338</b>
Vehicles, Plant and Equipment	-	549	-	-	<b>549</b>
Other property	-	94	-	-	<b>94</b>
Infrastructure Assets	-	-	-	-	-
Assets Under Construction	-	-	-	-	-
<b>Total Financing Applied</b>	<b>13,564</b>	<b>5,199</b>	<b>-</b>	<b>218</b>	<b>18,981</b>

Capital receipts derived from disposals of land, houses and other property within the HRA during the year are summarised as follows:

	2025/26	2024/25
	£000	£000
Houses	47,059	17,857
Other property	127	-
<b>Total HRA capital receipts</b>	<b>47,186</b>	<b>17,857</b>

## 5. Depreciation and Impairment

The total charge for depreciation and revaluation loss charged to the HRA was as follows:

	2025/26			2024/25		
	Houses	Other Property	Total	Houses	Other Property	Total
	£000	£000	£000	£000	£000	£000
Depreciation	19,516	576	20,092	18,953	536	19,489
Revaluation Loss	1,164	(75)	1,089	1,775	(403)	1,372
	20,680	501	21,181	20,728	133	20,861

All HRA assets subject to revaluation have been valued as at 31st March 2026.

## 6. Rent Arrears

	2025/26	2024/25
	£000	£000
Dwelling rents	15,028	11,981
Other charges/adjustments	3,868	7,456
	18,896	19,437

## 7. IAS 19 – Retirement Benefits

The Authority considers it to be proper accounting practice to allow the HRA to be charged with an attributable share of current and past service costs. From 2005/06, the HRA has also been charged with an attributable share of pensions interest costs, less expected return on pensions assets. However, as Local Authorities can only charge actual employer contributions and payments against the HRA, the IAS 19 entries are reversed out in the Movement on the HRA Statement and replaced by actual employers' contributions payable to the scheme.

# COLLECTION FUND ACCOUNT



# Collection Fund Account Statement

The Collection Fund reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-domestic rates.

Collection Fund 2025/26	NNDR Supplement £000	NNDR £000	Council Tax £000	Total £000
<b>Income</b>				
Council Tax Receivable	-	-	(122,884)	(122,884)
Section 13a - Discretionary Relief	-	-	(648)	(648)
Business Rates Receivable	-	(81,566)	-	(81,566)
Business Rate Supplement	(2,211)	-	-	(2,211)
Transitional Protection Payments	-	-	-	-
	<b>(2,211)</b>	<b>(81,566)</b>	<b>(123,532)</b>	<b>(207,309)</b>
<b>Expenditure</b>				
Precepts, Demands and Shares				
Central Government	-	26,323	-	26,323
Greater London Authority	2,028	29,514	28,514	60,056
Billing Authority	-	23,930	93,486	117,416
	<b>2,028</b>	<b>79,767</b>	<b>122,000</b>	<b>203,795</b>
<b>Apportionment of Previous Year Surplus/(Deficit)</b>				
Central Government	-	(620)	-	(620)
Greater London Authority	-	(695)	2	(693)
Billing Authority	-	(564)	7	(557)
	-	<b>(1,879)</b>	<b>9</b>	<b>(1,870)</b>
<b>Charges to Collection Fund</b>				
Write Offs of uncollectable amounts	-	196	-	196
Increase/(Decrease) in Bad Debt Provision	177	1,710	5,063	6,950
Increase/(Decrease) in Provision for Appeals	-	(2,429)	-	(2,429)
Cost of Collection	6	203	-	208
Transitional protection payable to Govt.	-	722	-	722
	<b>183</b>	<b>402</b>	<b>5,063</b>	<b>5,648</b>
<b>Disregarded Amounts</b>				
Designated Area Growth	-	<b>4,327</b>	-	4,327
(Surplus)/Deficit arising during the year	-	<b>1,051</b>	<b>3,540</b>	<b>4,591</b>
(Surplus)/Deficit at 1st April	-	<b>1,108</b>	<b>319</b>	<b>1,427</b>
<b>(Surplus)/Deficit at 31st March</b>	-	<b>2,159</b>	<b>3,859</b>	<b>6,018</b>
<b>(Surplus)/Deficit Balance Attributable to:</b>				
London Borough of Barking & Dagenham	-	648	2,971	<b>3,619</b>
Greater London Authority	-	799	888	<b>1,686</b>
Central Government	-	712	-	<b>712</b>

NB. Table is subject to roundings

# Collection Fund Account Statement

Collection Fund 2024/25	NNDR Supplement £000	NNDR £000	Council Tax £000	Total £000
<b>Income</b>				
Council Tax Receivable	-	-	(111,594)	(111,594)
Section 13a - Discretionary Relief	-	-	(557)	(557)
Business Rates Receivable	-	(74,238)	-	(74,238)
Business Rate Supplement	(1,952)	-	-	(1,952)
Transitional Protection Payments	-	(1,225)	-	(1,225)
	<b>(1,952)</b>	<b>(75,462)</b>	<b>(112,151)</b>	<b>(189,565)</b>
<b>Expenditure</b>				
Precepts, Demands and Shares				
Central Government	-	25,159	-	25,159
Greater London Authority	1,946	28,209	25,888	56,042
Billing Authority	-	22,872	84,097	106,969
	<b>1,760</b>	<b>76,241</b>	<b>109,984</b>	<b>188,171</b>
<b>Apportionment of Previous Year</b>				
<b>Surplus/(Deficit)</b>				
Central Government	-	2,695	-	2,695
Greater London Authority	-	3,021	(717)	2,304
Billing Authority	-	2,450	(2,409)	41
	<b>-</b>	<b>8,165</b>	<b>(3,126)</b>	<b>5,039</b>
Charges to Collection Fund				
Write Offs of uncollectable amounts	-	10	2,975	2,985
Increase/(Decrease) in Bad Debt Provision	-	(1,558)	-	(1,558)
Increase/(Decrease) in Provision for Appeals	-	-	-	
Cost of Collection	6	201	-	207
	<b>6</b>	<b>1,348</b>	<b>2,975</b>	<b>1,633</b>
(Surplus)/Deficit arising during the year	-	7,596	(2,317)	5,278
(Surplus)/Deficit at 1st April	-	(6,488)	2,636	(3,852)
<b>(Surplus)/Deficit at 31st March</b>	<b>-</b>	<b>1,108</b>	<b>319</b>	<b>1,426</b>
<b>(Surplus)/Deficit Balance Attributable to:</b>				
London Borough of Barking & Dagenham	-	332	244	576
Greater London Authority	-	410	75	485
Central Government	-	366	-	366

*NB. Table is subject to roundings*

# Notes to the Collection Fund Account

## 1. Council Tax Base

The tax base used to determine this figure was Band 'D' equivalent.

Band	Number of Properties after Discounts and Exemptions	Band 'D' Equivalent Properties
<b>A (Disabled)</b>	0.94	0.50
<b>A</b>	3,850.30	2,566.90
<b>B</b>	9,109.78	7,085.40
<b>C</b>	41,623.49	36,998.70
<b>D</b>	9,333.81	9,333.80
<b>E</b>	1,621.09	1,981.30
<b>F</b>	352.55	509.20
<b>G</b>	40.71	67.90
<b>H</b>	6.50	13.00
<b>Total Band 'D' equivalents for 2024/25</b>	<b>65,939.17</b>	<b>58,556.70</b>
Less in year non-collection allowance		(1,463.92)
Projected changes in discounts and growth		1,054.02
<b>Council Tax Base for 2025/26</b>		<b>58,146.80</b>
<b>Council Tax Base for 2024/25</b>		<b>54,916.54</b>

## 2. National Non-Domestic Rates (NNDR)

Under the arrangements for NNDR, the Council collected rates in the Borough are based on rateable values assessed by the District Valuer and multiplied by a uniform rate in the pound set each year by the government.

From 1 April 2010, those ratepayers with a Rateable Value in excess of £55k were subject to an additional levy from the Greater London Authority on their Business Rates to fund the Crossrail project. In 2023/24 the Rateable Value was increased to £75,000.

	2025/26	2024/25
	£000	£000
Rateable Value at 31 March	210,454	188,462
Business rates multiplier for premises with rateable values (RV) of £51,000 and above	55.5p	54.6p
Small business rates multiplier for premises with RV below £51,000	49.9p	49.9p
Additional Crossrail NNDR Supplement multiplier for premises with a RV above £75,000	2p	2p

# GROUP ACCOUNTS



# Group Accounts

## Introduction

The Code of Practice requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material.

The Council has interests in a number of companies that are wholly owned. Details of the companies considered for consolidation are summarised below.

These Group Accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies of its subsidiaries have been aligned with the policies of the Council, for the purposes of Group Accounts, where materially different.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with the Companies. Notes to the group accounts have been included where the relevant values and/or impact on the group statements are material.

The following pages show:

- Basis of Identification of the Group Boundary
- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Group Movement in Reserves Statement

## Basis Of Identification of the Group Boundary

In its preparation of these Group Accounts, the Council has considered its relationship with entities that fall into the following categories:

- **Subsidiaries** – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.
- **Associates** – where the Council still exercises significant influence but does not hold a majority proportion of shares.
- **Other entities** – where the Council does not have significant influence or control in an entity, that entity is not consolidated in the group accounts.

## Subsidiaries

The following wholly owned subsidiaries have been consolidated within the Group Accounts:

### B&D Energy Ltd

B&D Energy Ltd is established to drive the Borough to become the “green capital of the capital”. It aims to do this through the delivery of low carbon and zero energy carbon projects throughout the Borough and east London area.

## Group Accounts

### **Barking and Dagenham Reside Ltd**

This provides 477 affordable rented properties in the Barking area. The properties are based at the Eastern End of Thames View and William Street Quarter.

### **Barking and Dagenham Reside Regeneration Ltd**

This is a partner in the letting and management of 243 affordable homes in the Barking area. The Company is a partner in Barking & Dagenham Reside Abbey Roding LLP. The Company is also a partner in B&D Reside Regeneration LLP.

### **Barking and Dagenham Reside Regeneration LLP**

This is a partnership which has built and manages 145 properties.

### **Barking and Dagenham Reside Abbey Roding LLP**

Barking and Dagenham Abbey Roding LLP is a partnership which is 99% owned by the Council. It provides 144 affordable rented properties in Abbey Road in Barking, at 80% of market rent.

### **TPFL Regeneration Ltd**

This was set up to build 477 new homes, which were completed in May 2014, that are now managed by Barking and Dagenham Reside Ltd.

### **Barking and Dagenham Homes Ltd**

This manages 619 new affordable rental homes in Becontree.

### **Barking and Dagenham Trading Partnership Ltd**

This is the parent company of a group of five wholly owned subsidiaries summarised below, which was established to provide cleaning, catering and repairs and maintenance services. The group provides competitively priced services to the Council and to external entities with the aim of delivering dividends to the Council.

### **BD Management Services Ltd.**

It provides repairs and maintenance services to the Council through a mixture of management of the Council's own labour force and sub-contracting.

### **BD Service Delivery Ltd.**

It provides a full range of repairs and maintenance services to non-council owned properties through direct contracts with individual customer

## Group Accounts

### **BD Together Ltd.**

It provides catering, cleaning and data Services to Schools and private organisations within the Borough.

### **BD Corporate Cleaning Ltd.**

It provides cleaning services to the Council.

### **Londoneast-UK Ltd.**

It provides serviced offices, facilities management and support services to businesses in the Borough.

All unsold share of ownerships are recorded within Property, Plant and Equipment

### **Be First (Regeneration) Ltd**

Be First has the remit of accelerating the pace and scale of regeneration in the Borough, whilst delivering affordable housing and shaping inclusive, sustainable and healthy communities for the future.

## Group Comprehensive Income and Expenditure Statement

				2024/25				2025/26
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000		
286,491	(111,527)	174,964	People & Resilience	316,444	(116,270)	200,174		
125,995	(35,725)	90,270	Corporate Items	86,309	(64,944)	21,366		
1,989	(1,396)	593	HR & OD	4,220	(4,185)	35		
5,126	(1,834)	3,291	Strategy	9,663	(5,839)	3,824		
21,451	(17,383)	4,068	Inclusive Growth	25,669	(22,651)	3,018		
217,879	(182,229)	35,650	Housing, Environment & Communities	120,647	(96,414)	24,233		
87,759	(77,732)	10,027	Resources	92,102	(79,942)	12,159		
69,049	(95,951)	(26,902)	Housing Revenue Account (HRA)	102,759	(123,679)	(20,920)		
353,543	(343,960)	9,583	Dedicated Schools Grant (DSG)	383,513	(376,181)	7,332		
<b>1,169,282</b>	<b>(867,736)</b>	<b>301,545</b>	<b>Cost of Services</b>	<b>1,141,325</b>	<b>(890,105)</b>	<b>251,222</b>		
		3,796	Other Operating Expenditure			(6,284)		
		(87,677)	Financing and Investment Income and Expenditure			43,826		
		(234,902)	Taxation and Non-specific Grant Income			(270,209)		
		<b>(17,238)</b>	<b>Deficit/ (Surplus) on Provision of Services</b>			<b>18,555</b>		
		(130)	Corporation Tax			113		
		(112,595)	Deficit / (Surplus) on Revaluation of Property, Plant & Equipment Assets			(25,780)		
		10,185	Re-measurement of the Net Defined Benefit Liability/(Asset)			4,173		
		<b>(102,540)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(21,494)</b>		
		<b>(119,778)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(2,939)</b>		

## Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held, analysed into 'usable reserves' (that is, those that can be applied to fund expenditure or reduce local taxation) and other reserves. The adjustments are made in the Group's Movement in Reserves Statement in order to reconcile the General Fund balance back to its Council position prior to funding basis adjustments being made.

	Council's GF	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Council's Usable Reserves	Council's Unusable Reserves	Total Council's Reserves	Council's Share of Reserves of Subsidiaries	Total Group Reserves
<b>Balance at 31 March 2024</b>	<b>(151,599)</b>	<b>(28,572)</b>	<b>(68,052)</b>	<b>(20,171)</b>	<b>(2,778)</b>	<b>(271,172)</b>	<b>(2,259,848)</b>	<b>(2,531,020)</b>	<b>13,028</b>	<b>(2,517,992)</b>
<b>Movement in reserves during 2024/25</b>										
Total Comprehensive Income and Expenditure	(20,412)	(28,058)	-	-	-	<b>(48,470)</b>	(102,410)	<b>(150,880)</b>	31,102	<b>(119,778)</b>
Adjustments between council accounts and group accounts	16,409	-	-	-	-	<b>16,409</b>	2,880	<b>19,290</b>	(19,290)	-
<b>Sub Total</b>	<b>(4,003)</b>	<b>(28,058)</b>	-	-	-	<b>(32,061)</b>	<b>(99,530)</b>	<b>(131,590)</b>	<b>11,812</b>	<b>(119,778)</b>
Adjustments between accounting basis & funding basis under regulations	70,004	14,704	29,922	5,280	(5,925)	<b>113,985</b>	(113,985)	-	-	-
<b>(Increase)/Decrease in 2024/25</b>	<b>66,001</b>	<b>(13,354)</b>	<b>29,922</b>	<b>5,280</b>	<b>(5,925)</b>	<b>81,924</b>	<b>(213,515)</b>	<b>(131,590)</b>	<b>11,812</b>	<b>(119,778)</b>
<b>Balance at 31 March 2025</b>	<b>(85,597)</b>	<b>(41,926)</b>	<b>(38,130)</b>	<b>(14,891)</b>	<b>(8,703)</b>	<b>(189,247)</b>	<b>(2,473,363)</b>	<b>(2,662,610)</b>	<b>24,840</b>	<b>(2,637,770)</b>
<b>Movement in reserves during 2025/26</b>										
Total Comprehensive Income and Expenditure	53,123	(42,527)				<b>10,596</b>	(21,607)	<b>(11,011)</b>	8,072	<b>(2,939)</b>
Adjustments between council accounts and group accounts	24,481					<b>24,481</b>	2,880	<b>27,362</b>	(27,362)	<b>0</b>
<b>Sub Total</b>	<b>77,604</b>	<b>(42,527)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,077</b>	<b>(18,727)</b>	<b>16,351</b>	<b>(19,290)</b>	<b>(2,939)</b>
Adjustments between accounting basis & funding basis under regulations	(36,501)	39,788	(23,927)	(447)	(21,453)	<b>(42,539)</b>	42,539	0	<b>0</b>	0
<b>(Increase)/Decrease in 2025/26</b>	<b>41,104</b>	<b>(2,739)</b>	<b>(23,927)</b>	<b>(447)</b>	<b>(21,453)</b>	<b>(7,462)</b>	<b>23,813</b>	<b>16,351</b>	<b>(19,290)</b>	<b>(2,939)</b>
<b>Balance at 31 March 2026</b>	<b>(44,494)</b>	<b>(44,665)</b>	<b>(62,057)</b>	<b>(15,338)</b>	<b>(30,156)</b>	<b>(196,709)</b>	<b>(2,449,54)</b>	<b>(2,646,259)</b>	<b>5,549</b>	<b>(2,640,710)</b>

## Group Balance Sheet

	31 March 2026	31 March 2025
	£000	£000
Property, Plant and Equipment	3,840,811	3,685,184
Heritage Assets	9,761	8,488
Investment Property	537,996	560,739
Intangible Assets	22,534	498
Long Term Investments	210	210
Long Term Debtors	353,118	358,530
<b>Long Term Assets</b>	<b>4,764,430</b>	<b>4,613,649</b>
Short Term Investments	35,650	40,300
Assets Held for Sale	0	0
Inventories	257	278
Short Term Debtors	154,035	111,899
Cash and Cash Equivalents	36,770	40,126
<b>Current Assets</b>	<b>226,712</b>	<b>192,604</b>
Cash and Cash Equivalents	(1,216)	0
Short Term Borrowing	(311,571)	(569,982)
Short Term Creditors	(184,693)	(161,656)
Receipts in Advance - Grants	(1,267)	(480)
Provisions	(6,624)	(4,663)
<b>Current Liabilities</b>	<b>(505,371)</b>	<b>(736,782)</b>
Long Term Borrowing	(1,104,343)	(977,951)
Other Long Term Creditors	(562,024)	(284,124)
Receipts in Advance - Grants	(159,138)	(168,450)
Long Term Provisions	(9,256)	22,337
Pensions Liability	(10,301)	(23,512)
<b>Long Term Liabilities</b>	<b>(1,845,062)</b>	<b>(1,431,700)</b>
<b>Net Assets</b>	<b>2,640,710</b>	<b>2,637,770</b>
Usable Reserves	(251,102)	(227,229)
Unusable Reserves	(2,389,608)	(2,410,540)
<b>Total Reserves</b>	<b>(2,640,710)</b>	<b>(2,637,770)</b>

## Group Cash Flow Statement

	2025/26	2024/25
	£000	£000
<b>Net Surplus or (Deficit) on the Provision of Services</b>	<b>(19,736)</b>	<b>17,238</b>
Adjustments to Net Surplus or Deficit on the Provision of Services for Non-cash Movements	146,228	137,182
Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	(190,285)	(231,475)
<b>Net Cash Flows from Operating Activities</b>	<b>(63,793)</b>	<b>(77,055)</b>
Investing Activities	(6,716)	(104,346)
Financing Activities	67,153	180,166
<b>Net Increase or Decrease in Cash and Cash Equivalents</b>	<b>3,356)</b>	<b>(1,235)</b>
Cash and Cash Equivalents at the beginning of the Reporting Period	40,126	41,361
<b>Cash and Cash Equivalents at the end of the Reporting Period</b>	<b>36,770</b>	<b>40,126</b>

## G1. Accounting Policies of Consolidated Subsidiaries

The Group Financial Statements summarise the Council's and its Group's transactions for the 2025/26 financial year. The Group Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

Notes to the Group Financial Statements have been presented where the figures are materially different from those of the Council entity accounts. Where there are no material differences, the Notes to the Council entity accounts provide the required disclosures.

Accounting policies of the individual members of the Group have been aligned to the Council's accounting policies. The accounting policies applied to the Group Financial Statements are consistent with those set out in Note 35 to the Council entity accounts, with additional policies specific to the Group set out below.

### Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the conditions are satisfied:

- the amount of revenue can be measured reliably
- it is probable that the Company will receive the consideration due under the contract
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably

### Taxation

Tax on the profit or loss for the year comprising current and deferred tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

# Notes to Group Accounts

## **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs, which comprise direct production costs, are based on the method most appropriate to the type of inventory class. Net realisable value is based on the estimated selling price less any estimated completion or selling costs. When inventories are sold, the carrying amount of those inventories are recognised as an expense (and cost of sales) in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs.

## **Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

Details of the nature of assumptions and material estimates are disclosed in the single entity Note 34.

## **G2. Consolidation Method**

In preparing Group Accounts, like items of assets, liabilities, reserves, income and expenses are added together line by line to combine the financial statements of the reporting authority and its subsidiaries.

# PENSION FUND



## Pension Fund Accounts

	Note	2025/26 £000	2024/25 £000
<b>Dealings with members, employers and others directly involved in the scheme</b>			
Contributions	8	58,730	57,404
Transfers in from other pension funds	9	11,493	4,161
		<b>70,223</b>	<b>61,565</b>
Benefits	10	(59,664)	(57,606)
Payments to and on account of leavers	11	(13,033)	(8,195)
		<b>(72,697)</b>	<b>(65,801)</b>
Net additions / (withdrawals) from dealings with members		(2,474)	(4,236)
Management expenses	12	(6,432)	(6,637)
Net withdrawals including Fund Management Expenses		(8,906)	(10,873)
<b>Returns on Investments</b>			
Investment Income	13	25,696	32,668
Profit / (losses) on disposal of investments and changes in the market value of investments	15	138,125	68,642
<b>Net returns on investments</b>		<b>163,821</b>	<b>101,310</b>
<b>Net increase in the net assets available for benefits during the year</b>		<b>154,915</b>	<b>90,437</b>

### Net Assets Statement as at 31 March 2026

The accounts summarise the transactions and net assets of the Fund. They do not take account of liabilities to pay pensions and other benefits in the future.

	Note	31 March 2026 £000	31 March 2025 £000
Investment Assets	14	1,684,073	1,527,402
Current Assets	17	24,234	26,243
Current Liabilities	17	(2,063)	(2,316)
<b>Net assets of the fund available to fund benefits at the end of the reporting period</b>		<b>1,706,244</b>	<b>1,551,329</b>

# Notes to Pension Fund Accounts

## Introduction

The Barking and Dagenham Pension Fund (“the Fund”) is part of the Local Government Pension Scheme (“LGPS”) and is administered by the London Borough of Barking and Dagenham (“LBBD”). The Council is the reporting entity for this Fund. The Fund is governed by the Public Service Pensions Act 2013 and the following secondary legislation:

- i. The LGPS Regulations 2013 (as amended)
- ii. The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and
- iii. The LGPS (Management and Investment of Funds) Regulations 2016.

The Fund is operated as a funded, defined benefit scheme which provides for the payment of benefits to former employees of LBBD and those bodies admitted to the Fund, referred to as “members”. The benefits include not only retirement pensions, but also widow’s pensions, death grants and lump sum payments in certain circumstances. The Fund is financed by contributions from members, employers and from interest and dividends on the Fund’s investments.

The objective of the financial statements is to provide information about the fund’s financial position and performance and show the results of the Council’s stewardship in managing the resources entrusted to it and for the assets at the period end.

The Council is the administering authority for the London Borough of Barking and Dagenham Pension Fund. The Council’s Constitution delegates responsibility for managing the Pension Fund to the Pensions Committee supported by the Strategic Director Resources.

Independent data for local authority pension Funds shows that the average fund return was 9.6% in 2025/26- the Barking and Dagenham fund return of 11.9% was well in excess of this placing the fund in the 18th percentile. The average 3-year return for all funds was 9.5%, again the Fund exceeded this with a return which was in the 8<sup>th</sup> percentile. On average the funds underperformed their benchmark by 2.5%.

During the year, the total number of active employers within the Fund was 39.

## **P1. Format of the Pension Fund Statement of Accounts**

The day-to-day administration of the Fund and the operation of the management arrangements and investment portfolio are delegated to the Strategic Director Resources.

The following description of the Fund is a summary only. For more details, reference should be made to the Fund’s Annual Report for 2025/26, which can be obtained from the Council’s website: <http://www.lbbdpensionfund.org>.

The statutory powers that underpin the scheme are the Superannuation Act 1972 and the Local Government Pension Scheme (LGPS) regulations, which can be found at: [www.legislation.gov.uk](http://www.legislation.gov.uk).

# Notes to Pension Fund Accounts

## P2. Membership

All local government employees (except casual employees and teachers) are automatically enrolled into the Scheme. However, membership of the LGPS is voluntary and employees are free to choose whether to opt out, remain in the Scheme or make their own personal arrangements outside the Scheme. Organisations participating in the Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund; and
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

A list of the Fund's scheduled and admitted employers are provided below. Not Active employers do not have any current members but have either deferred or pensioners. The obligations and assets for these employers have been absorbed by the Council.

A breakdown of the Fund's members by employer type and by member type is included in the table below:

Scheduled Bodies	Admitted Bodies
LBBB	Alliance in Partnership
Barking College	Aspens
Dorothy Barley Academy	Edwards and Ward
Eastbury Academy	BD Corporate Cleaning Ltd
Brook College	BD Schools Improvement Partnership
Goresbrook Free School	BD Together
Greatfields Free School	Be First
Greatfields Primary School	BD Trading Partnerships
James Campbell Primary School	BD Management Services Ltd
Oxlow Bridge School	Innovate
Partnerships Learning	Reside
Pathways	Nourish
Riverside Bridge	Schools Offices Services Ltd
Riverside Free School	Taylor Shaw
Riverside School	<b>Not Active</b>
St Margarets	Abbeyfield Barking Society
St Joseph's Dagenham	Age UK
St Joseph's Barking	B&D Citizen's Advice Bureau
St Theresa's Dagenham	Broadway Limited
St Vincents	Cleantec
Sydney Russell Academy	Council for Voluntary Service
Thames View Infants Academy	Disablement Assoc. of B&D
	East London E-Learning
	London Riverside
	Lewis and Graves
	Laing O'Rourke

## Notes to Pension Fund Accounts

Scheduled Bodies	Admitted Bodies
Thames View Junior Academy	Town and Country Cleaners
University of East London	Aspens 2
Warren Academy	Aspens 3
<b>Not Active</b>	Caterlink
Magistrates Court	Caterlink 2
	Caterlink 3
	Caterlink 4
	CGL
	Elevate
	Enterprise
	May Gurney
	Pantry Cleaning

	31 March 2026	31 March 2025
<b>Number of Employers with active members</b>	<b>39</b>	<b>33</b>
<b>Number of Employees in scheme</b>		
<b>London Borough of Barking and Dagenham</b>		
Active members	4,648	4,634
Pensioners	5,398	5,357
Deferred pensioners	5,168	5,216
Undecided and other members	119	0
	<b>15,333</b>	<b>15,207</b>
<b>Admitted and Scheduled Bodies</b>		
Active members	1,381	1,429
Pensioners	1,168	1,510
Deferred pensioners	1,936	1,912
Undecided and other members	86	0
	<b>4,571</b>	<b>4,851</b>

### a) Benefits

Pension benefits under the LGPS are based on final pensionable pay and length of pensionable service as summarised below:

	<b>Service pre-1 April 2008</b>	<b>Service post 31 March 2008</b>
<b>Pension:</b>	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
<b>Lump sum:</b>	Automatic lump sum of 3 x salary. In addition part of annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

The benefits payable in respect of service from 1 April 2014 are based on career average devalued earnings and the number of years of eligible service. The accrual rate is 1/49 and the benefits are index-linked to keep pace with inflation. From 1 April 2011, the method of indexation changed from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI).

# Notes to Pension Fund Accounts

## **P3. Basis of preparation**

The accounts summarise the transactions and net assets for the Fund's transactions for the 2025/26 financial year and its position as at 31 March 2026. The accounts have been prepared in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom 2025/26. The financial statements do not reflect any liabilities to pay pension or other benefits occurring after 31 March 2026. Such items are reported separately in the Actuary's Report provided in Note 20 to the Fund's accounts.

The accounts have been prepared on an accruals basis (that is income and expenditure are recognised as earned or incurred, not as received and paid) except in the case of transfer values which are included in the accounts on a cash basis.

The Pension Fund Accounts have been prepared on a going concern basis. The vast majority of employers in the pension scheme are scheduled bodies that have secure public sector funding, and therefore there should be no doubt in their ability to continue to make their pension contributions. Following the latest actuarial valuation and schedule of employer contribution prepayments, the Pension Fund has reviewed its cashflow forecast and is confident in its ability to meet its ongoing obligations to pay pensions from its cash balance for at least 12 months from the date of signing the accounts. In the event that investments need to be sold, 81% of the Fund's investments can be converted into cash within 3 months.

### **P3.1 Contributions (see Note 8)**

Primary contributions from the employer, are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate. Contributions rates from members are set in accordance with the LGPS Regulations 2007.

Secondary contributions are accounted for on the due dates on which they are due under the schedule of contributions set by the actuary or on receipt if earlier than the due date.

Employer's augmentation and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid is classed as a current financial asset.

### **P3.2 Transfers to and from other schemes (see Note 9)**

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Transfer Values to/from other funds, for individuals, are included in the accounts based on the actual amounts received and paid in the year.

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

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

# Notes to Pension Fund Accounts

## P3.3 Investment income (see Note 14)

- i) Interest income - Interest income is recognised in the Fund account as it accrues. Interest from financial assets that are not carried at fair value through profit and loss, i.e. financial assets at amortised cost, are calculated using the effective interest basis.
- ii) Dividend income - Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.
- iii) Movement in the net market value of investments - Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/loss during the year.

## P3.4 Net Assets Statement at market value is produced on the following basis (see note 15)

- i) Quoted investments are valued at bid price at the close of business on 31 March 2026;
- ii) Unquoted investments are based on market value by the fund managers at year end in accordance with accepted guidelines;
- iii) Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax;
- iv) Investments held in foreign currencies have been valued in sterling at the closing rate ruling on 31 March 2026. All foreign currency transactions are translated into sterling at exchange rates ruling at the closing rate of exchange; and
- v) Limited partnerships are valued at fair value on the net asset value ascertained from periodic valuations provided by those controlling the partnership.

## P3.5 Management expenses (see note 12)

### Administration Expenses

All administration expenses are accounted for on an accrual basis. Staff costs associated with the Fund are charged to the Fund, with management, accommodation and other overheads apportioned in accordance with LBBD's policy.

### Investment management expenses

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

External manager fees, including custodian fees, are agreed in the respective mandates governing their appointments, which are broadly based on the market value of the Fund's investments under their management. Therefore, investment management fees increase / decrease as the value of these investments change.

The Fund does not include a performance related fees element in any of their contracts. Where it has not been possible to confirm the investment management fee owed by the balance sheet date, an estimate based on the market value has been used.

## Notes to Pension Fund Accounts

Most the Fund's holdings are invested in pooled funds which include investment management expenses, including actuarial, trading costs and fund manager fees, within the pricing mechanism.

### **P3.6 Taxation**

The Fund is a registered public-sector service scheme under section 1(1) of schedule 36 of the Finance act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceed of investments sold.

Taxation agreements exist between Britain and other countries whereby all or a proportion of the tax deducted locally from investment income may be reclaimed. Non-recoverable deductions are classified as withholding tax.

Value Added Tax is recoverable on all Fund activities by the administering authority.

### **P3.7 Foreign currency transactions**

Dividends, interest, purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts.

### **P3.8 Cash and cash equivalents**

Cash comprises cash in-hand and on-demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

### **P3.9 Present Value of Liabilities**

These accounts do not include the Fund's liabilities to pay pensions and other benefits, in the future, to all the present contributors to the Fund. These liabilities are taken account of in the periodic actuarial valuations of the Fund and are reflected in the levels of employers' contributions determined at these valuations.

### **P3.10 Actuarial present value of promised retirement benefits (see note 20)**

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

As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement

### **P3.11 Financial Assets**

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives.

## Notes to Pension Fund Accounts

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 14). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

### **P3.12 Financial Liabilities**

A financial liability is recognised in the net asset statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities relating to investment trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

### **P3.13 Contingent assets and liabilities**

Contingent assets and liabilities are not recognised in the Fund's Balance Sheet but are disclosed as a note to the accounts. They arise as a result of past events but are only confirmed by the occurrence of one or more uncertain future events which are not entirely within the Fund's control.

Contingent liabilities arise from a present obligation arising from past events but only where it is not probable that a transfer of economic benefits will be required to settle the obligation or where the amount of the obligation cannot be measured with sufficient reliability.

## **P4. Critical Judgements in applying accounting policies**

In applying the accounting policies set out in Note 3, the Fund has had to make certain judgements about complex transactions or those involving uncertainty about future events.

There were no such critical judgements made in 2025/26.

## **P5. Assumptions made about the future and other major sources of estimation uncertainty**

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

## Notes to Pension Fund Accounts

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Actuarial present value of promised retirement benefits depends on several complex assumptions and judgements from the RPI inflation, the assumed salary changes, discount rate, mortality rate and others. These assumptions are applied by the pension funds actuary in consultation with the fund to whom they provide expert advice. The effects of changes in the assumptions used on the net pension liability can be measured.	<ul style="list-style-type: none"> <li>• A 0.1% increase in discount rate would reduce future pension liabilities by c. £14.5m</li> <li>• A 0.1% increase in long term salary would increase future pension liabilities by c. £0.6m</li> <li>• A 0.1% increase in pension increases and deferred revaluation would increase future pension liabilities by c. £15m</li> </ul>
Level 3 unquoted investments	<p>All investments are measured at fair value and by necessity, unquoted investments involve a degree of estimation. Notes 15 and 22 provide information about valuation methodology and the assumptions made in deriving the estimates.</p> <p>Determining the fair value of unquoted investments (private equity investments and hedge fund) is by the nature of the investment subjective. They are inherently based on forward-looking estimates and judgements involving many factors including the impact of interest rates and US tariff policies. Unquoted investments are valued by the investment managers - valuation methodology needs to be robust to give comfort to investors. The total financial instruments held by the Fund at Level 3 were £326.0m.</p>	<ul style="list-style-type: none"> <li>• The fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out the consequent potential impact on the closing value of investments held at 31 March 2026. The assessed valuation range is 10% for property holdings and 15% for infrastructure, private equity and hedge funds.</li> </ul>

# Notes to Pension Fund Accounts

## P6. Additional Voluntary Contributions (AVC)

Additional Voluntary Contributions (AVCs) administered by the Prudential were made by LBBD employees during the year. In accordance with Regulation 4(2) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2009 the contributions paid and the assets of these investments are not included in the Pension Fund Accounts.

AVCs were valued by Prudential at a market value of **£4.5m** (31 March 2025 - £4.2m).

## P7. Recharges from the General Fund

The LGPS (Management and Investment of Funds) Regulations 2016 permit the Council to charge administration costs to the Fund. A proportion of the relevant Council costs have been charged to the Fund on the basis of actual time spent on Pension Fund business. Costs incurred in the administration and the oversight and governance of the Fund are included in Note 12.

## P8. Contributions

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2007, ranging from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employee contributions are matched by employer contributions, which are set based on triennial actuarial funding valuations.

Currently employer contribution rates range from 18.7% to 34.4%.

Pension strain contributions are accounted for in the period in which the liability arises. Any amounts due in year but unpaid will be classed as a current financial asset. The Council uses a mechanism to stabilise the contribution rates. This was agreed following the actuary, Barnett Waddingham, completing a stochastic modelling of the long-term funding position. Eligibility for stabilisation is dependent on reasonable consistency in an employer's membership profile. The primary contribution rate for the financial year ending 31 March 2026 was 21.2%.

Contributions shown in the revenue statement may be categorised as follows:

Contributions	2025/26	2024/25
Members normal contributions	£000	£000
Council	10,379	10,002
Admitted bodies	325	351
Scheduled bodies	2,477	2,367
<b>Total contributions from members</b>	<b>13,181</b>	<b>12,720</b>
<b>Employers contributions</b>		
Council - Normal	32,702	31,629
Council - Deficit Recovery	1,234	1,194
Admitted bodies - Normal	1,430	1,497
Admitted bodies- Deficit Recovery	13	19
Scheduled bodies - Normal	7,715	7,389
Scheduled bodies- Deficit Recovery	1,354	1,449
Pension Strain	1,101	1,507
<b>Total contributions from employers</b>	<b>45,549</b>	<b>44,684</b>
<b>Total Contributions</b>	<b>58,730</b>	<b>57,404</b>

# Notes to Pension Fund Accounts

## P9. Transfers in from other pension funds

	2025/26 £000	2024/25 £000
<b>Individual Transfers</b>	11,493	4,161
	<b>11,493</b>	<b>4,161</b>

## P10. Benefits

Benefits payable and refunds of contributions have been brought into the accounts based on all valid claims approved during the year.

	2025/26				2024/25			
	Council £000	Admitted Bodies £000	Scheduled Bodies £000	Total £000	Council £000	Admitted Bodies £000	Scheduled Bodies £000	Total £000
<b>Pensions</b>	38,665	560	8,612	47,837	37,061	873	7,537	45,471
<b>Lump sums</b>	8,173	316	1,622	10,111	9,334	460	1,353	11,147
<b>Death grants</b>	1,317	-	399	1,716	732	-	256	988
	<b>48,155</b>	<b>876</b>	<b>10,633</b>	<b>59,664</b>	<b>47,127</b>	<b>1,333</b>	<b>9,146</b>	<b>57,606</b>

## P11. Payments to and on account of leavers

	2025/26 £000	2024/25 £000
Individual Transfers	12,462	7,936
Refunds	571	259
	<b>13,033</b>	<b>8,195</b>

## P12. Investments

The movement in the opening and closing market value of investments during the year were as follows:

Investment Assets	Market Value as at 31 March 2026 £'000	Market Value as at 31 March 2025 £'000
Bonds	150,186	124,645
Equities	763,805	583,466
Pooled Investments:		
Fixed Income	173,025	78,416
Absolute Return	248,309	373,303
Private Equity	155,136	143,741
Infrastructure	73,582	89,750
Pooled Property Investments	97,306	96,601
Derivatives	947	272
Cash deposits held with Custodian	21,557	37,058
Shareholding in London CIV	220	150

## Notes to Pension Fund Accounts

Investment Assets	Market Value as at	Market Value as at
	31 March 2026	31 March 2025
	£'000	£'000
<b>Total Investment Assets</b>	<b>1,684,073</b>	<b>1,527,402</b>
<b>Net Investment Assets</b>	<b>1,684,073</b>	<b>1,527,402</b>

### P13. Reconciliation of movements in investments and derivatives

	31/03/2025	Purchases	Sales	Change in Fair Value	31/03/2026
	£000	£000	£000	£000	£000
Bonds	124,645	20,346	-	5,195	150,186
Equities	583,467	64,550	-	115,788	763,805
Pooled Investments	451,719	98,244	(156,370)	27,741	421,334
Infrastructure	89,750	296	-	(16,464)	73,582
Private Equity	143,741	33,495	(28,027)	5,927	155,136
Pooled Property	96,601	-	-	705	97,306
Derivatives	272	675	-	-	947
Cash deposits held with Custodian	37,058	(88,461)	73,185	(225)	21,557
Shareholding in London CIV	150	70	-	-	220
<b>Net Investment assets</b>	<b>1,527,403</b>	<b>129,215</b>	<b>(111,212)</b>	<b>138,667</b>	<b>1,684,073</b>

	31/03/2024	Purchases	Sales	Change in Fair Value	31/03/2025
	£000	£000	£000	£000	£000
Bonds	119,346	318	-	4,981	124,645
Equities	551,021	776	-	31,670*	583,467
Pooled Investments	489,430	9,708	(47,000)	(419)	451,719
Infrastructure	86,574	-	(1,734)	4,910*	89,750
Alternatives	34,653	13,195	(37,100)	2,499*	13,247
Private Equity	107,474	28,925	(11,441)	5,536*	130,495
Pooled Property	47,850	45,761	-	2,990	96,601
Derivatives	1,036	-	(764)	-	272
Cash deposits held with Custodian	7,426	(6,721)	37,082	(728)	37,058
Pending Trade Sales	2,148	-	(2,148)	-	-
Shareholding in London CIV	150	-	-	-	150
<b>Net Investment assets</b>	<b>1,447,108</b>	<b>91,962</b>	<b>(63,105)</b>	<b>51,439</b>	<b>1,527,403</b>

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

The cost of purchases and the sales proceeds are inclusive of transaction costs, such as broker fees and taxes. In addition to transaction costs, indirect costs are incurred through the bid offer spread on investments within pooled investment vehicles. The amount of indirect cost is not

## Notes to Pension Fund Accounts

separately provided to the Fund. The Fund employs specialist investment managers with mandates corresponding to the principal asset classes. A list of the Fund's Fund Manager, their mandate and the asset type are outlined in the table below:

Investment Manager	Mandate	Asset Type
Aberdeen Asset Management	Active	Diversified Alternatives
Patria	Active	Diversified Alternatives
Insight	Active	Global Credit
London CIV: Baillie Gifford	Active	Global Equity (Pooled)
London CIV: Pyrford	Active	Absolute Return
London CIV: Newton	Active	Absolute Return
London CIV: Pimco	Active	Global Credit
BlackRock	Active	Property Investments (UK)
Hermes	Active	Infrastructure (LLP)
Kempen	Active	Global Equity (Pooled)
UBS	Passive	Global Equity (Pooled)
UBS	Passive	All Share Fixed Income (Pooled)

The value of the Fund, by manager, as at 31 March 2026 was as follows:

Fund by Investment Manager	31 March 2025		31 March 2026	
	£'000	%	£'000	%
<b>Investments managed by the London CIV</b>				
London CIV Cash	150	0.0%	220	0.0%
London CIV- Newton, Pyrford and Baillie Gifford	373,303	24.4%	248,309	14.7%
London CIV - Pimco	78,416	5.1%	173,025	10.3%
<b>Investments managed outside the London CIV</b>				
Aberdeen Asset Management	145	0.0%	0	0.0%
Patria	143,595	9.4%	155,136	9.2%
BlackRock	96,601	6.3%	97,306	5.8%
Hermes	89,750	5.9%	89,750	5.9%
Kempen	232,317	15.2%	281,391	16.7%
Cash deposits held with Custodian	37,058	2.4%	21,557	1.3%
Insight	81,567	5.3%	85,609	5.1%
UBS Passive Bonds	43,079	2.8%	64,577	3.8%
UBS Passive Equity	351,149	23.0%	482,414	28.6%
Derivatives	272	0.0%	947	0.0%
<b>Total</b>	<b>1,527,402</b>	<b>100.00%</b>	<b>1,684,073</b>	<b>100%</b>

### P14. Cash and cash equivalents

The cash balance held at 31 March 2026 is made up as follows:

	31 March 2025	31 March 2026
	£000	£000
<b>Cash balances held by Investment Managers:</b>		
Aberdeen Asset Management	31,653	12,286
BlackRock	1,887	3,707
Patria	3,518	5,556

## Notes to Pension Fund Accounts

Money Market Funds	17,458	18,202
Bank Current Accounts	6,474	4,345
<b>Total Cash and Cash Equivalents</b>	<b>60,990</b>	<b>44,105</b>

### P15. Current Assets and Liabilities

The following amounts were current assets and liabilities for the Fund at 31 March 2026:

	31 March 2025	31 March 2026
	£000	£000
<b>Current Assets</b>		
Contributions due – employees	227	225
Contributions due – employers	732	785
Short Term Loan	0	0
Bank Current Accounts	6,474	4,345
Money Market Funds	17,459	18,202
Sundry debtors	1,351	677
<b>Total Current Asset</b>	<b>26,243</b>	<b>24,234</b>
<b>Current Liabilities</b>		
Sundry Creditor	2,316	2,063
<b>Total Current Liabilities</b>	<b>2,316</b>	<b>2,063</b>

### P16.

#### Holdings

All holdings within the Fund at 31 March 2026 were in pooled funds or Limited Liability Partnerships (LLP), with no direct holdings over 5% of the net assets of the scheme. At 31 March 2026 the following pooled funds and LLPs were over 5% of the scheme's net assets:

Security	Market Value at 31 March 2026	% of Total Fund
	£000	%
Patria	<b>155,136</b>	<b>9.2%</b>
Insight	85,609	5.1%
Blackrock	97,306	5.8%
UBS Passive Equity	482,414	28.6%
Kempen	281,391	16.7%
London CIV – Pyrford, Newton and Baillie Gifford	248,309	14.7%
London CIV - Pimco	173,025	10.3%

### P17. Investment Strategy Statement

An Investment Strategy Statement was agreed by the Council's Investment Committee in 2023 and is updated periodically to reflect changes made in Investment Management arrangements. The nature and extent of risk arising from financial instruments and how the

# Notes to Pension Fund Accounts

Fund manages those risks is included in the Investment Strategy Statement. Copies can be obtained from the Council's Pension website: <http://www.lbbdpensionfund.org>

## P18. Actuarial position

### Actuarial assumptions

In line with LGPS Regulations, a full actuarial valuation is carried out every 3 years. The purpose of this is to ensure the long term solvency of the fund and that it is able to meet its liabilities to past and present contributors. Employer contribution rates are set in this process for the forthcoming triennial period. The 2025 triennial review of the Fund took place as at 31 March 2025 by Barnett Waddingham the funds actuary and the salient features of that review were as follows:

- The funding target is to achieve a funding level of at least 100% over a specific period;
- Market value of the scheme's assets at the date of the valuation were £1,565m;
- The past service liabilities at the rate of the valuation were £1,454m; and
- The resulting funding level was 108% (101% as at 31 March 2022).

Some of the key financial assumptions adopted by the actuary for the valuation of members' benefits at the 2025 valuation are set out below:

Financial Assumptions	2022	2025 Valuation
	Valuation	
	£m	£m
Discount Rate	4.3%	<b>4.7%</b>
Pension increases (CPI)	2.9%	<b>2.7%</b>
Salary increases	3.9%	<b>3.7%</b>

### Funding level and position

The table below shows the detailed funding level for the 2025 valuation:

Employer contribution rates	As at 31 March	
	2022	2025
Primary Rate (net Employer Future Service Cost)	21.0%	<b>18.0%</b>
Secondary Rate (Past Service Adjustment – 14 year spread)	0.8%	<b>0.0%</b>
<b>Total Contribution Rate</b>	<b>22%</b>	<b>18%</b>

Full details of the individual employers contribution rates payable can be found in the Rates and Adjustment Certificate in the 2025 actuarial valuation report.

## P19. Actuarial Present Value of Promised Retirement Benefits

The fund's actuary Barnett Waddingham 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 but taking account of changes in membership numbers and updating assumptions to the current year.

This figure is used for statutory accounting purposes by the Pension Fund and complies with the requirements of IAS 26 Accounting and Reporting by Retirement Benefit Plans.

# Notes to Pension Fund Accounts

	As at 31 March 2025 £m	As at 31 March 2026 £m
Present Value of Promised Retirement Benefits	1,182	1,274
Fair Value of Scheme Assets (bid value)	1,548	1,689
<b>Net Liability</b>	<b>(366)</b>	<b>(415)</b>

The figure is prepared for the purposes of IAS 26 and has no validity in other circumstances. It is not relevant for calculations undertaken for funding purposes and setting contributions payable to the Fund, which is carried out on a triennial basis.

## Financial Assumptions

The key financial assumptions used are:

Financial Assumptions	As at 31 March 2025	As at 31 March 2026
	£m	£m
Discount Rate	5.85%	<b>6.15%</b>
Pension increases (CPI)	2.90%	<b>2.90%</b>
RPI inflation	3.20%	<b>3.30%</b>
Salary increases	3.90%	<b>3.90%</b>

## Demographic Assumptions

Barnett Waddingham have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2022, except for an update of the CMI projection model. The CMI 2023 model was used as at 31 March 2025 and the CMI 2025 model was used as at the 31 March 2026 valuation.

The assumed life expectancies are set out in the table below:

Longevity Assumptions	As at 31 March 2025		As at 31 March 2026	
	Male	Female	Male	Female
Life expectancy from age 65 (years)				
Retiring today	20.6	23.4	<b>21.2</b>	<b>23.9</b>
Retiring in 20 years	21.9	25.0	<b>22.9</b>	<b>25.7</b>

## P20. Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values. There were no transfers between levels during 2025/26.

### Level 1

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

Listed investments are shown as bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange. The total financial instruments held by the Fund at Level 1 were £935.5m.

## Notes to Pension Fund Accounts

### Level 2

Financial instruments at Level 2 are those where quoted market prices are not available, for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques use inputs that are based significantly on observable market data. Pending trade sales from the funds pooled alternative manager has been classified as Level 2. The total financial instruments held by the fund at Level 2 was £422.5m.

### Level 3

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

Such instruments would include unquoted equity investments and hedge fund or funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. The Fund's infrastructure manager has been classified as level 3 as valuations are based on a variety of assumptions and the assets held do not have a readily identifiable market.

The values of the investment in infrastructure is based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value. The total financial instruments held by the Fund at Level 3 were £326.0m.

### Asset Valuation Hierarchy and Basis of Valuation

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs
Fixed Income	Level 1	Published bid market price ruling on the final day of the accounting period	Not required
Equities	Level 1	Market value based on current yields	Not required
Absolute Return	Level 1	Closing bid value on published exchanges	Not required
Pending Trade Sale	Level 2	Quoted prices in inactive market	Sales Value
Pooled Property Investments	Level 3	Closing single price where single price published	NAV-based pricing set on a forward pricing basis
Infrastructure	Level 3	Enterprise value (EV) / Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA) as their valuation methodology, using a basket of public and transaction comparables.	EV / EBITDA
Private Equity	Level 3	EV / EBITDA as their valuation methodology, using a basket of public and transaction comparables.	EV / EBITDA
Hedge Funds	Level 3	Underlying assets publicly traded securities (equities, bonds) where pricing is readily available from providers i.e. Bloomberg or Reuters.	Valuations affected by any changes to value of the financial instrument being hedged against.

## Notes to Pension Fund Accounts

	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
Values at 31 March 2026	£000	£000	£000	£000
Bonds	150,186	0	0	<b>150,186</b>
Equities	763,805	0	0	763,805
Property Unit Trusts	0	0	97,306	<b>97,306</b>
Pooled Investments	0	421,334	0	421,334
Private Equity	0	0	155,136	<b>155,136</b>
Cash deposits held with Custodian	21,557	0	0	<b>21,557</b>
Infrastructure	0	0	73,582	<b>73,582</b>
Other investments - LCIV	0	220	0	<b>220</b>
Derivatives	0	947	0	<b>947</b>
<b>Total Investment Assets</b>	<b>935,548</b>	<b>422,501</b>	<b>326,024</b>	<b>1,684,073</b>

	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
Values at 31 March 2025	£000	£000	£000	£000
Bonds	124,645	0	0	<b>124,645</b>
Equities	583,467	0	0	<b>583,467</b>
Property Unit Trusts	0	0	96,601	<b>96,601</b>
Pooled Investments	0	451,719	0	<b>451,719</b>
Private Equity	0	0	143,742	<b>143,742</b>
Cash deposits held with Custodian	37,058	0	0	<b>37,058</b>
Infrastructure	0	0	86,574	<b>86,574</b>
Other investments - LCIV	0	150	-	<b>150</b>
Derivatives	0	272	-	<b>272</b>
<b>Total Investment Assets</b>	<b>745,170</b>	<b>452,141</b>	<b>330,092</b>	<b>1,527,403</b>

### Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2026.

Description of asset	Assessed valuation range	Value at 31 March 2026	Value on Increase	Value on Decrease
	%	£000s	£000s	£000s
Property Unit Trust	10	97,306	107,037	87,575
Other Investment - Infrastructure	15	73,582	84,620	62,545
Other Investment - Private Equity	15	155,136	178,406	131,865
		<b>326,024</b>	<b>370,063</b>	<b>281,986</b>

## Notes to Pension Fund Accounts

Description of asset	Assessed valuation range	Value at 31 March 2025	Value on Increase	Value on Decrease
	%	£000s	£000s	£000s
Property Unit Trust	10	96,601	106,261	86,941
Other Investment - Infrastructure	15	89,750	103,212	76,288
Other Investment - Private Equity	15	143,741	165,302	122,180
		<b>330,092</b>	<b>374,775</b>	<b>285,409</b>

The potential movement of 10% for Property Unit Trusts represents a combination of the following factors, which could all move independently in different directions:

- Rental increases +/- 4%
- Vacancy levels +/- 2%
- Market prices +/- 3%
- Discount rates +/-1%

All movements in the assessed valuation range derive from changes in the underlying profitability of component companies, the range in the potential movement of 15% is caused by how this profitability is measured since different methods (listed in the first table of Note 22 above) produce different price results.

### Reconciliation of fair value measurements within level 3

	Private Equity £000s	Infrastructure £000s	Pooled Property Investments £000s	Total £000s
Market Value 1 April 2025	143,741	89,750	96,601	<b>330,092</b>
Transfers into Level 3	0	0	0	<b>0</b>
Transfers out of Level 3	0	0	0	<b>0</b>
Purchases during the year	33,494	296	0	<b>33,790</b>
Sales during the year	(28,027)	0	0	<b>(28,027)</b>
Unrealised/Realised gains/(losses)	(5,113)	(16,464)	705	<b>(20,872)</b>
Realised gains/(losses)	11,041	0	0	<b>11,041</b>
<b>Market Value 31 March 2026</b>	<b>155,136</b>	<b>73,582</b>	<b>97,306</b>	<b>326,024</b>

	Private Equity £000s	Infrastructure £000s	Other-Alternatives £000s	Pooled Property Investments £000s	Total £000s
Market Value 1 April 2024	107,474	86,574	34,653	47,850	<b>284,446</b>
Transfers into Level 3	-	-	-	-	<b>-</b>
Transfers out of Level 3	-	-	-	-	<b>-</b>
Purchases during the year	28,925	660	13,195	45,761	<b>88,496</b>
Sales during the year	(11,441)	-	(37,100)	-	<b>(154,936)</b>
Unrealised/Realised gains/(losses)	5,536	2,515	2,499	2,990	<b>(16,570)</b>
Realised gains/(losses)	-	-	-	-	<b>128,656</b>
<b>Market Value 31 March 2025</b>	<b>130,494</b>	<b>89,750</b>	<b>13,247</b>	<b>96,601</b>	<b>330,092</b>

# Notes to Pension Fund Accounts

## P21. Events after the Reporting Period

There were no events after the reporting period.

## P22. Related parties

The Fund is a related party of the Council as the following transactions are controlled by the Council. Pension administration and investment management costs of **£874.1k** (2024/25: £821.9k) are charged by the Council.

The Council is also the single largest employer of members of the Fund and contributed **£33.9m** to the Fund in 2025/26 (2024/25 £32.8m). All monies owing to and due from the Fund were paid in year.

The Members of the Committee do not receive fees in relation to their specific responsibilities as Members of the Committee. Of the Committee members there are no active members of the LGPS and one deferred member.

## P23. Contingent Asset and liabilities

As at 31 March 2026 there were no contingent assets or contingent liabilities.

## P24. Compensation of key management personnel

Compensation of key management personnel, including the Strategic Director Resources and Interim Head of Pension Fund, Treasury and Capital charged to the Fund are provided below:

	2024/25	2025/26
	£000	£000
Short Term employee benefits	88.8	157.0
<b>Total</b>	<b>88.8</b>	<b>157.0</b>

## P25. Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities (excluding cash) by category and net assets statement heading. No financial assets were reclassified during the accounting period. The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

## Notes to Pension Fund Accounts

Financial assets	Fair value through profit and loss	Financial assets as at amortised cost	Financial liabilities at amortised cost	Fair value through profit and loss	Financial assets as at amortised cost	Financial liabilities at amortised cost
	31 March 2025	31 March 2025	31 March 2025	31 March 2025	31 March 2025	31 March 2026
	£000	£000	£000	£000	£000	£000
Bonds	124,645	0	0	150,186	0	0
Equities	583,466	0	0	763,805	0	0
Property Unit Trusts	96,601	0	0	97,306	0	0
Pooled Investments	451,719	0	0	421,334	0	0
Private Equity	143,741	0	0	155,136	0	0
Cash deposits held with Custodian	0	37,058	0	0	21,557	0
Infrastructure	89,850	0	0	73,582	0	0
Other investments	150	0	0	220	0	0
Derivatives	272	0	0	947	0	0
<b>Total Investment Assets</b>	<b>1,490,344</b>	<b>37,058</b>	<b>0</b>	<b>1,662,516</b>	<b>21,557</b>	<b>0</b>
<b>Financial Assets - Debtors</b>	0	26,243	0	0	26,243	0
<b>Financial liabilities - Creditors</b>	0	-	(2,316)	0	0	(2,316)
<b>Total Net Assets</b>	<b>1,490,344</b>	<b>63,301</b>	<b>(2,316)</b>	<b>1,662,516</b>	<b>45,791</b>	<b>(2,316)</b>

Carrying value of financial liabilities are equal to the fair value.

### P26. Nature and extent of risks arising from Financial Instruments.

The Fund activities expose it to a variety of financial risks, including:

- **Market risk** – the possibility that financial loss might arise from the Fund's as a result of changes in such measures as interest rates or stock market movements;
- **Interest rate risk** – the risk that interest rates may rise/fall above expectations;
- **Credit risk** - the risk that other parties may fail to pay amounts due;
- **Liquidity risk** – the risk that the Fund may not have funds available to meets its commitments to make payment; and
- **Refinancing risk** – the risk that the Fund might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) 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. The Council manages these investment risks as part of its overall pension Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Fund's Committee. Risk management policies have been 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.

# Notes to Pension Fund Accounts

## Risk and risk management

### Market risk

Market risk is the risk of loss from fluctuations in equity prices, from interest and foreign exchange rates and from credit spreads. The Fund is exposed to market risk predominantly from its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis. The Fund manages these risks in two ways:

- Fund's exposure to market risk monitored by reviewing the Fund's asset allocation.
- Specific risk exposure limited by applying maximum exposure to individual investment.

### Other price risk

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

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

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

### Other price risk - sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. Risk assets such as equities will display greater potential volatility than bonds as an example, so the overall outcome depends largely on Funds' asset allocations.

The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the latest three years. This can then be applied to the period end asset mix. The Council has determined that the following movements in market price risk are reasonably possible for the 2025/26 reporting period.

Asset Class	One Year Expected Volatility (%)	Asset Class	One Year Expected Volatility (%)
Equities	10.8	Alternatives	4.6
Bonds	4.9	Cash	1.7
Pooled Property Investments	7.6		

The sum of the monetary impact for each asset class will equal the total Fund impact as no allowance has been made for diversification of the one-year standard deviation for a single currency. Had the market price of the Fund investments increased or decreased in

## Notes to Pension Fund Accounts

line with the above, 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 2026 £000	% Change	Value on Increase £000	Value on Decrease £000
Bonds	150,186	4.9	157,545	142,827
Equities	763,805	10.8	846,296	681,314
Property Unit Trust	97,306	7.6	104,701	89,911
Pooled Investments	421,334	4.6	440,715	401,953
Private Equity	155,136	4.6	162,272	148,000
Other Investments	74,749	4.6	78,187	71,311
Cash and cash equivalents	44,104	1.7	44,854	43,354
<b>Total</b>	<b>1,706,620</b>		<b>1,834,570</b>	<b>1,578,670</b>

Asset Type	Value as at 31 March 2025 £000	% Change	Value on Increase £000	Value on Decrease £000
Bonds	124,645	5.0	130,877	118,413
Equities	583,467	17.1	683,240	483,694
Property Unit Trust	96,601	15.7	111,767	81,435
Pooled Investments	451,719	14.0	514,960	388,478
Private Equity	143,741	14.0	163,865	123,617
Other Investments	90,172	14.0	102,796	77,548
Cash and cash equivalents	60,990	0.3	61,173	60,807
<b>Total</b>	<b>1,551,334</b>		<b>1,768,677</b>	<b>1,333,991</b>

### Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest movements as at 31 March 2025 and 31 March 2026 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

Asset type	As at 31 March 2025 £000	As at 31 March 2026 £000
Cash and cash equivalents	60,990	44,104
Bonds	124,645	150,186
<b>Total</b>	<b>185,635</b>	<b>194,290</b>

### Interest rate risk sensitivity analysis

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

## Notes to Pension Fund Accounts

The Fund's investment advisor has advised that long-term average rates are expected to move less than 100 BPS from one year to the next and experience suggests that such movements are likely. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates:

Asset type	Carrying amount as at 31 March 2026 £000	Change in year in the net assets available to pay benefits	
		+100 BPS £000	-100 BPS £000
Cash and cash equivalents	44,104	441	(441)
Bonds	150,186	1,502	(1,502)
<b>Total</b>	<b>194,290</b>	<b>1,943</b>	<b>(1,943)</b>

Asset type	Carrying amount as at 31 March 2025 £000	Change in year in the net assets available to pay benefits	
		+100 BPS £000	-100 BPS £000
Cash and cash equivalents	60,990	610	(610)
Bonds	124,645	1,246	(1,246)
<b>Total</b>	<b>185,635</b>	<b>1,856</b>	<b>(1,856)</b>

### Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (sterling). The Fund holds both monetary and non-monetary assets denominated in currencies other than sterling.

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

#### 31 March 2026

	USD £m	EUR £m	TOTAL £m
Overseas Unit Trusts	447.3	281.4	<b>728.7</b>
Overseas Private Equity/Infrastructure/Private debt	55.5	94.9	<b>150.4</b>
<b>Total</b>			<b>879.1</b>

#### 31 March 2025

## Notes to Pension Fund Accounts

	USD	EUR	TOTAL
	£m	£m	£m
Overseas Unit Trusts	343.1	233.1	<b>576.2</b>
Overseas Private Equity/Infrastructure/Private debt	66.5	64.6	<b>131.1</b>
<b>Total</b>			<b>707.3</b>

### Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Fund has adequate cash resources to meet its commitments. This will particularly be the case for cash from the cash flow matching mandates from the main investment strategy to meet the pensioner payroll costs; and also cash to meet investment commitments.

The Pension Committee Members are aware of the cash flow pressures that are affecting the Fund. These include the potential for a reduction in Fund current members from the significant savings the LBBB needs to make in the coming years and from an increase in pension payments due to increased pensioner numbers and as a result of the pricing index exceeding salary increases. Members receive a quarterly report on the Fund's cash flow and have agreed to utilise distributions from property and infrastructure to fund future investments and to cover any cash flow shortfalls.

Where there is a long-term shortfall in net income into the Fund, investment income will be used to cover the shortfall. All financial liabilities at 31 March 2026 are due within one year.

### Refinancing risk

The key risk is that the Council will be bound to replenish a significant proportion of the Fund's financial instruments at a time of unfavourable interest rates. The Council does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

### Credit Risk

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

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The Fund's internally managed cash is invested by the Council's treasury team. Deposits are not made with banks and financial institutions unless they meet the council's credit criteria. The Council has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution in the Annual Treasury Management Strategy Statement.

## Notes to Pension Fund Accounts

### P27. Management Expenses

	2025/26	2024/25
	£000	£000
Administrative Costs	1,384	1,222
Investment Management Expenses	4,764	5,174
Oversight and Governance Costs	284	241
	<b>6,432</b>	<b>6,637</b>

### P27a. Investment Management Expenses

	2025/26			
	Total	Management fees	Performance related fees	Transaction Costs
	£000	£000	£000	£000
Bonds	178	178	-	-
Equities	1,123	1,123	-	-
Property Unit Trusts	759	759	-	-
Pooled Investments	1,512	1,374	-	138
Private Equity	643	643	-	-
Infrastructure	451	451	-	-
Other Investments	98	98	-	-
	<b>4,764</b>			<b>138</b>

	2024/25			
	Total	Management Fees	Performance related fees	Transaction costs
	£000	£000	£000	£000
Bonds	206	206	-	-
Equities	984	984	-	-
Property Unit Trusts	692	586	-	106
Pooled Investments	2,077	2,077	-	-
Private Equity	499	499	-	-
Infrastructure	622	622	-	-
Other Investments	94	94	-	-
	<b>5,174</b>	<b>5,068</b>		<b>106</b>

### P28. Investment Income

	2025/26	2024/25
	£000	£000
Fixed Interest Securities	504	511
Equity Dividends	15,575	23,314
Pooled Property Income	4,194	5,875
Interest – Manager's Cash	2,418	2,324
Interest – LBBB Balance	0	614
Interest – Cash Deposits	1,003	204
Other Income	2	30
	<b>25,696</b>	<b>32,688</b>

### **P29. Investment Strategy Statement**

An Investment Strategy Statement was agreed by the Council's Investment Committee in 2023 and is updated periodically to reflect changes made in Investment Management arrangements. The nature and extent of risk arising from financial instruments and how the Fund manages those risks is included in the Investment Strategy Statement. Copies can be obtained from the Council's Pension website: <http://www.lbbdpensionfund.org>

# DRAFT ANNUAL GOVERNANCE STATEMENT



## Introduction

This Annual Governance Statement is structured to provide an assessment of the Council's governance arrangements and is set out as follows:

- 1) Executive Summary
- 2) Scope of Responsibility – outlining the purpose of the governance framework
- 3) Review of Effectiveness – describing the process for assessing the effectiveness of governance, including the Head of Internal Audit's annual opinion
- 4) Significant Governance Issues – identifying key governance challenges to be addressed
- 5) Forward Look – highlighting emerging issues and areas of focus for the year ahead
- 6) Conclusion

# Annual Governance Statement

## 1. Executive Summary

- 1.1 This Annual Governance Statement provides an assessment of the effectiveness of the Council's governance arrangements for the year ended 31 March 2026.
- 1.2 The review has been informed by a comprehensive assurance framework, drawing on internal audit, external audit, corporate risk management, the work of the Assurance Board and Shareholder Panel, Director Assurance Statements, financial management and performance reporting, and external inspection and regulatory activity.
- 1.3 Taken together, these sources provide a consistent and triangulated view that governance, risk management, and internal control arrangements are in place and operating across the Council. The Head of Internal Audit has provided an overall opinion of "generally satisfactory with improvements required", reflecting that controls are effective in many areas and that the overall control environment has strengthened during the year.
- 1.4 The Council is satisfied that appropriate governance arrangements were in place and operating during 2025/26, supported by a comprehensive framework of governance, risk management, and internal control, and subject to regular review and challenge, although not yet fully embedded across all areas.
- 1.5 However, these arrangements are designed to manage rather than eliminate risk and cannot provide absolute assurance that all objectives will be fully achieved. Whilst there is evidence of improvement, arrangements are not yet consistently embedded across all areas of the organisation, particularly in complex and high-risk services.
- 1.6 There is clear evidence of a positive direction of travel during the year, including:
- strengthened financial management, monitoring, and governance arrangements;
  - improved audit position, including resolution of the historic accounts backlog;
  - enhanced governance and oversight, including a more active Assurance Board and Shareholder Panel; and
  - improvements in performance reporting, compliance frameworks, and business planning.
- 1.7 The review also identifies a number of ongoing challenges requiring continued focus, including financial resilience, demand pressures in statutory services, governance and performance of subsidiary companies, procurement and contract management, and the consistent embedding of control and assurance arrangements across the organisation.
- 1.8 The Council remains committed to strengthening its governance arrangements and addressing these challenges. Actions are in place and are embedded within the Council's governance framework, with progress actively monitored through established governance mechanisms and reviewed as part of ongoing governance arrangements and future Annual Governance Statements.
- 1.9 Overall, the Council considers that its governance arrangements were fit for purpose during 2025/26, with a clear and positive direction of travel. However,

# Annual Governance Statement

whilst governance, risk management and internal control arrangements are in place and operating, they are not yet fully embedded or consistently applied across all areas of the organisation. The Council remains committed to addressing the areas identified for improvement and to further strengthening governance arrangements to ensure they are sustainable and effective over the medium term.

## 2. Scope of Responsibility

- 2.1 Governance is the values, culture, processes, and systems by which the Council is controlled, directed and through which we deliver services for our communities. Governance means conducting our activities in accordance with the law and proper standards, and that public money is properly accounted for, and used well.
- 2.2 We have a duty under the Local Government Act 1999 to put in place proper arrangements for:
- the continuous improvement of our functions
  - the governance of our affairs, including those of the Local Government Pension Scheme, which includes arrangements for the management of risk.
- 2.3 The 'Delivering Good Governance in Local Government Framework', published by the Chartered Institute of Public Finance and Accountancy (CIPFA), in association with the Society of Local Authority Chief Executives and Senior Managers (SOLACE), sets the standard for local authority governance in the United Kingdom.
- 2.4 The framework is designed to help local authorities develop and implement high standards of governance, to ensure that:
- resources are directed in accordance with agreed policy and priorities;
  - there is sound and inclusive decision-making; and
  - there is accountability for the use of resources to achieve desired outcomes for residents and communities.
- 2.5 The Annual Governance Statement reviews the effectiveness of that framework, underpinned by CIPFA's "Seven Principles of Good Governance", as illustrated below.

# Annual Governance Statement

Figure 1: Delivering Good Governance Core Principles



2.6 Production of the statement also meets the requirements of the Accounts and Audit Regulations to review its system of internal control and to publicly report on the outcome of that review. In line with the CIPFA/SOLACE framework, the Annual Governance Statement should be “an open and honest self-assessment” which:

- describes key elements of the Council’s governance arrangements, covering key corporate systems and the range of activities for which the Council is responsible for;
- describes processes applied in reviewing their effectiveness; and
- lists actions to deal with significant governance issues identified.

## 2.7 Overview

2.7.1 The Council has not adopted a standalone Code of Corporate Governance. However, the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government are reflected within the Council’s governance framework, including its Constitution, financial regulations, policies, procedures, and decision-making processes. These arrangements collectively ensure that the Council complies with the requirements of good governance and provides a framework for effective leadership, accountability, and delivery of outcome.

2.7.2 The Council’s governance arrangements are set out in its Constitution, which provides the framework for how the Council operates, makes decisions, and manages its affairs.

# Annual Governance Statement

The Constitution brings together statutory requirements alongside locally determined arrangements and establishes the rules governing the Council's business.

- 2.7.3 The Constitution acts as the primary reference point for governance arrangements and reflects relevant legislation, together with decisions of the Full Council and the Cabinet. It is supported by a range of corporate policies, strategies and procedures which together ensure that effective governance, risk management, and internal control arrangements are embedded across the organisation.
- 2.7.4 Collectively, these arrangements demonstrate how the Council applies the principles of good governance as set out in the CIPFA/SOLACE Framework, including standards of behaviour, openness and accountability, effective decision-making, risk and financial management, and delivery of sustainable outcomes.
- 2.7.5 The governance framework includes the systems, processes, and controls through which the Council directs and controls its activities, ensuring that it operates lawfully and uses resources appropriately in delivering its objectives.
- 2.7.6 The Constitution is subject to periodic review to ensure it remains up to date and reflects changes in legislation, organisational arrangements, and governance practice.
- 2.7.7 The governance framework supports the delivery of the Council's corporate priorities and strategic objectives, ensuring that decision-making is aligned with agreed outcomes for residents.

## 2.8 Political and Decision-Making Structure

- 2.8.1 The Council operates a Leader and Cabinet model of governance, which provides a clear structure for decision-making and accountability:
- The Full Council, comprising 51 elected Members, is responsible for approving the budget and policy framework and undertaking key strategic and regulatory functions.
  - The Cabinet, led by the Leader holds responsibility for executive decision-making and the delivery of services within the agreed policy and budget framework.
  - The Leader, elected by Full Council, appoints Cabinet Members and allocates portfolio responsibilities.
- 2.8.2 Key decisions are published in advance through the Forward Plan and are subject to transparency requirements, with decisions generally taken in public unless confidentiality provisions apply.

## 2.9 Committee Structure and Accountability

- 2.9.1 The Constitution establishes a committee structure to support governance, oversight, and accountability, including:

# Annual Governance Statement

- Overview and Scrutiny Committee - responsible for reviewing and scrutinising decisions and holding decision-makers to account, including through the call-in process.
- Audit and Risk Committee - provides independent assurance on governance, risk management, and internal control arrangements.
- Standards Committee - promotes high standards of conduct and oversees the Member Code of Conduct.

2.9.2 In addition, the Council has a range of regulatory and other committees (including Planning, Licensing, Pensions and Personnel) with defined terms of reference.

2.9.3 The Council also works in partnership with a range of external organisations, including health partners and other public sector bodies, with governance arrangements in place to oversee performance, risk, and accountability.

2.9.4 Governance arrangements are also in place to oversee council-owned companies, including performance monitoring and shareholder oversight arrangements through the Shareholder Panel.

2.9.5 These arrangements support effective oversight, challenge, and accountability across the Council's governance framework.

## 2.10 Roles and Responsibilities

2.10.1 The Constitution defines the respective roles and responsibilities of:

- Members - provide democratic leadership, set the strategic direction, represent residents and the community, and participate in decision-making and scrutiny.
- The Executive - responsible for implementing policy and managing resources.
- Officers - provide professional advice, implement decisions, and manage service delivery.

2.10.2 The Council has designated statutory officers whose roles support the governance framework and include specific responsibilities to ensure that the Council operates within the law and maintains sound financial management. These roles include:

- Head of Paid Service (Chief Executive).
- Monitoring Officer, responsible for ensuring legality and promoting good governance.
- Chief Financial Officer (Section 151 Officer), responsible for financial administration and stewardship.

2.10.3 The constitution provides further detail on responsibilities of the roles set above.

## 2.11 Decision-Making and Control Framework

2.11.1 The Constitution sets out the procedures governing decision-making, including:

- Clear distinction between executive and non-executive functions.
- Schemes of delegation to officers and committees.
- Formal meeting procedures, including quorum and voting arrangements.
- Requirements for recording and publishing decisions.

# Annual Governance Statement

- 2.11.2 The Council's control environment is underpinned by Financial Regulations, Contract Rules, and other policy documents, which set out requirements for the proper use of resources and the management of financial and operational risks.
- 2.11.3 The Council has established risk management arrangements, including corporate and directorate risk registers, which are regularly reviewed and reported through governance structures, including the Audit and Risk Committee.
- 2.11.4 Performance management arrangements are in place to monitor the delivery of services and progress against corporate priorities, with regular reporting to Cabinet and relevant committees.

## 2.12 Ethical Standards and Conduct

- 2.12.1 The Council has established arrangements to promote high standards of conduct, through:
- Codes of Conduct for Members and Officers.
  - Protocols governing Member Officer relationships.
  - Arrangements for declaring and managing conflicts of interest and ensuring compliance with relevant legal and ethical requirements.
- 2.12.2 The Standards Committee has responsibility for promoting and maintaining high standards of conduct and for considering complaints regarding Member behaviour.

## 2.13 Engagement, Transparency and Accountability to Residents

- 2.13.1 The Constitution includes provisions to support openness and accountability, including:
- Public access to meetings, agendas, and reports.
  - Rights to submit questions, petitions, and complaints.
  - Access to information under statutory frameworks such as the Freedom of Information Act.
- 2.13.2 These arrangements support transparency in decision-making and provide mechanisms through which residents can hold the Council to account.

## 2.14 Changes to the Constitution in 2026

- 2.14.1 The Constitution was reviewed and updated in May 2026. These changes did not affect the governance arrangements in place during 2025/26 but reflect the Council's commitment to maintaining an up-to-date governance framework.
- 2.14.2 Key updates included:
- Incorporation of updated Contract Rules, reflecting legislative changes (including procurement reform).
  - Clarifications and updates to governance structures and terminology.
  - General updates to improve clarity, consistency, and alignment with current practice.

# Annual Governance Statement

2.14.3 These changes will form part of the governance framework for 2026/27 and will be considered in future Annual Governance Statements.

## 3. Review of Effectiveness

### 3.1 Assurance Framework

3.1.1 The Council has established a comprehensive assurance framework to support the review of the effectiveness of its governance, risk management, and internal control arrangements.

3.1.2 The Council has established a comprehensive assurance framework which brings together multiple sources of evidence to inform this review. This framework draws on a range of assurance sources, including the following:

Management Assurance	Independent Assurance	Corporate Oversight
<ul style="list-style-type: none"> <li>• Director's Assurance Statements</li> <li>• Operational management controls</li> <li>• Performance and financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit reviews and annual opinion</li> <li>• External Audit findings and Value for Money commentary</li> <li>• External inspection and regulatory activity</li> </ul>	<ul style="list-style-type: none"> <li>• Audit and Risk Committee</li> <li>• Overview and Scrutiny</li> <li>• Assurance Board</li> <li>• Shareholder Panel</li> <li>• Corporate governance reporting</li> </ul>

3.1.3 Assurance is derived from a combination of day-to-day management controls, corporate governance processes, and independent assurance. This includes operational management oversight, committee scrutiny and assurance provided by both internal and external audit.

### 3.2 Governance, Ethics and Control Framework

3.2.1 The review has also considered the Council's governance, ethics, and control framework, including the refresh of key policies during the year across areas such as counter fraud, anti-bribery, money laundering, whistleblowing, and the use of investigatory powers.

3.2.2 These policies provide a strengthened framework supporting the prevention, detection and investigation of fraud and financial crime, while promoting high standards of conduct, transparency, and compliance with legislative and regulatory requirements.

3.2.3 They also support a culture of accountability and openness, including clear mechanisms for reporting concerns and protecting whistleblowers.

3.2.4 This represents positive progress in strengthening governance arrangements and demonstrates that appropriate frameworks are in place to manage financial, legal, and ethical risks.

# Annual Governance Statement

## 3.3 Management

3.3.1 The Executive Team meets weekly to oversee the operations of the organisation and receives reports for both challenge and comment prior to formal decision-making processes. Reports will also be presented to provide the required assurances regarding the strategic risks the organisation faces.

3.3.2 In addition, reports are received by groups and boards established in the identified high-risk areas such as Workforce Development; Business Continuity; Assurance and the Procurement Board. The role and contribution that these groups make is reviewed on an on-going basis.

## 3.4 Approach to Review

3.4.1 The Council is required to undertake an annual review of the effectiveness of its governance framework, including the system of internal control. This review is informed by the work of senior officers and a range of assurance sources.

3.4.2 The Governance Framework is subject to ongoing review as part of the everyday business of the organisation. The reduction in resources within the public sector has increased the attention on ensuring that governance frameworks remain efficient and effective. The Council also has responsibility for conducting, at least annually, a formal review of the effectiveness of its governance framework including the system of internal control. This includes group activities where the activities are significant.

3.4.3 The review of effectiveness is informed by the work of the Strategic Directors, Directors and senior leaders within the council who have responsibility for the development and maintenance of the governance environment, the work of the annual report from the Head of Assurance and also by reviews made by the external auditors and other agencies and inspectorates.

3.4.4 The Audit and Risk Committee have a key role in this process, providing oversight and independent challenge in relation to governance, risk management, and internal control.

3.4.5 Council's Executive Management Team is responsible for putting in place adequate governance arrangements and effective systems of internal control. The Council uses several ways to review and assess the effectiveness of governance arrangements, as set out below.

## 3.5 Head of Internal Audit Opinion

3.5.1 The Head of Internal Audit has provided an overall opinion of "generally satisfactory with improvements required", confirming that governance, risk management, and control arrangements are in place and operating across the organisation.

3.5.2 Internal Audit work identified that controls are operating effectively in most areas and that the overall control environment has strengthened during 2025/26. However, a small number of audits resulted in limited assurance opinions, highlighting weaknesses in areas including governance oversight, compliance with statutory responsibilities and elements of financial planning and control.

# Annual Governance Statement

- 3.5.3 In particular, findings identified the need to strengthen oversight of council-owned companies, improve the embedding of statutory requirements within decision-making, and ensure that key financial assumptions are subject to appropriate governance and challenge.
- 3.5.4 Management actions have been agreed in response to these findings and are being monitored through established governance arrangements, providing assurance that improvements are being implemented.
- 3.5.5 The overall opinion is that these arrangements are generally satisfactory, with some improvements required.

## 3.6 Assurance Board

- 3.6.1 The work of the Assurance Board has informed this review, considering governance, risk, and control matters across areas including corporate risk management, compliance, performance, and emerging organisational risks.
- 3.6.2 The Board identified areas requiring further strengthening, including the consistent embedding of risk management, improved governance and oversight of council-owned companies, and stronger compliance with key control processes such as procurement, contract management, data protection and health and safety.
- 3.6.3 Assurance activity also highlighted wider organisational challenges, including financial resilience, delivery of the Medium-Term Financial Strategy and increasing demand pressures within statutory services.
- 3.6.4 While progress has been made in strengthening governance and control arrangements, further work is required to ensure these are consistently applied and fully embedded across all services.
- 3.6.5 Actions are in place and monitored through the Council's governance framework.
- 3.6.6 This indicates that governance, risk, and control arrangements are in place and improving, but are not yet consistently embedded across the organisation.

## 3.7 Financial Resilience

- 3.7.1 The review has considered the Council's financial management arrangements, including in-year monitoring, budget management, the outturn position for 2025/26 and the Medium-Term Financial Strategy.
- 3.7.2 These demonstrate that robust financial governance processes are in place, supporting regular monitoring, identification of financial pressures and implementation of mitigating actions. The Section 151 Officer has provided statutory assurance on the robustness of estimates and adequacy of reserves.
- 3.7.3 However, the review also highlights continued financial pressures, particularly in demand-led services such as social care and SEND, alongside wider economic and funding challenges. These pressures have required active management throughout the year and are expected to continue over the medium term.

# Annual Governance Statement

3.7.4 Treasury management and capital governance arrangements are established and operating within approved frameworks; however, the scale and complexity of the capital programme increases the importance of maintaining strong oversight and ensuring alignment with revenue affordability.

3.7.5 The Housing Revenue Account and Dedicated Schools Grant positions further highlight ongoing financial pressures and structural challenges, particularly in relation to demand and long-term sustainability.

## 3.8 External Audit

3.8.1 The review has considered the Council's arrangements for the preparation of the Statement of Accounts and the external audit process, including audit planning, accounting policies, and progress reporting during the year. These demonstrate that appropriate processes are in place to support the preparation and audit of the accounts.

3.8.2 Nationally, there continues to be a backlog in the completion of local authority audits, which has impacted the timing of audit opinions. The Council has proactively managed this position and worked closely with its external auditors to address the backlog.

3.8.3 During 2025/26, significant progress has been made in resolving the backlog of historical audits, with all outstanding accounts from 2019/20 to 2024/25 now concluded. In several cases, audit opinions were disclaimed due to the national backstop arrangements and the time constraints associated with clearing multiple years of accounts.

3.8.4 The number of Value for Money recommendations reduced significantly during the year, reflecting improvement in financial management, governance, and control arrangements. These recommendations have been monitored through the Council's governance framework and will be subject to further review as part of the 2025/26 audit and Value for Money assessment.

3.8.5 Whilst this represents a substantial improvement in the Council's financial reporting position and demonstrates strengthened processes and sustained focus on audit readiness, the level of assurance available for these years is limited. As a result, the Council is working to rebuild audit assurance through the completion of timely audits on a single-year basis.

3.8.6 The Council has now returned to a single-year audit cycle, providing a stronger foundation for restoring full assurance in future years.

3.8.7 Financial reporting and audit planning arrangements have also strengthened during the year, including earlier engagement with auditors and improved preparation processes, supporting continued improvement in financial governance and reporting.

3.8.8 What this tells us about effectiveness is that financial governance and reporting arrangements are in place and have strengthened, with clear progress in resolving historical issues. However, continued focus is required to ensure these improvements are consistently embedded and sustained.

## 3.9 External Inspection, Regulatory and Peer Review Assurance

- 3.9.1 External inspection, regulatory and peer review activity has provided independent assurance on the Council's governance, leadership, and service delivery during 2025/26. This includes engagement with key regulators and bodies such as the Care Quality Commission (CQC), Ofsted, HM Inspectorate of Probation, the Housing Ombudsman and the Local Government and Social Care Ombudsman, alongside LGA Peer Review.
- 3.9.2 External feedback identifies a positive direction of travel, with significant strengths in areas such as Adult Social Care, which achieved an Outstanding CQC rating, reflecting a mature control environment, strong leadership and effective partnership working. Children's Services continue to demonstrate improvement, with strengthened governance and oversight arrangements, although these are not yet fully embedded. Youth Justice services also demonstrate effective partnership working and delivery, with targeted areas requiring improvement.
- 3.9.3 Social Care and Local Government Ombudsman data for 2025/26 indicates a mixed picture. The number of complaints progressing to investigation was relatively limited, but the upheld rate for investigated complaints was high at 91%, slightly above the comparator average. This indicates areas of service delivery and control weakness where complaints were investigated. However, the Council achieved 100% compliance with Ombudsman recommendations, demonstrating responsiveness to external challenge, although timely compliance was below the comparator average. Service improvements were recorded in housing, education and adult care services, supporting the need to continue strengthening learning, oversight and consistency of service delivery.
- 3.9.4 Whilst Housing Ombudsman decisions issued during 2025/26 (12 cases) highlight recurring service and governance weaknesses, including delays, failure to address root causes, weaknesses in record keeping and inconsistent application of policies. These themes are consistent with 2024/25 findings, indicating ongoing challenges in embedding frameworks.
- 3.9.5 Improvement plans are in place in response to these findings and are being monitored through the Council's governance framework.

## 3.10 Application of the CIPFA/SOLACE Principles of Good Governance

- 3.10.1 The Council's governance framework is underpinned by 7 core principles set out in the CIPFA/SOLACE Delivering Good Governance in Local Government Framework. The seven core principles are:
- 1) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
  - 2) Ensuring openness and comprehensive stakeholder engagement.
  - 3) Defining outcomes in terms of sustainable economic, social, and environmental benefits.
  - 4) Determining the interventions necessary to optimise the achievement of intended outcomes.
  - 5) Developing the entity's capacity, including the capability of its leadership and workforce.

# Annual Governance Statement

- 6) Managing risks and performance through robust internal control and strong public financial management.
- 7) Implementing good practices in transparency, reporting and audit to deliver effective accountability.

3.10.2 These principles are embedded throughout the Council's governance arrangements, including its Constitution, policies, procedures, financial management framework, risk management processes, and decision-making structures.

3.10.3 The Council ensures that these principles are applied in practice through:

- Clear strategic planning and alignment of resources through the Corporate Plan and Medium-Term Financial Strategy.
- Defined decision-making processes, supported by Member and officer accountability.
- Effective risk management, internal control, and assurance arrangements.
- Robust financial management and performance monitoring frameworks.
- Ongoing engagement with residents, partners, and stakeholders.
- Structured training and development programmes supporting Members and officers.

3.10.4 The effectiveness of these arrangements is assessed through the Council's annual review of effectiveness, informed by internal and external assurance activity, governance oversight, and performance reporting, as set out in this statement.

3.10.5 The Council's assurance framework and review of effectiveness confirm that these principles are largely operating effectively in practice. However, improvements are required in specific areas, as set out within this statement, to ensure consistent application and full embedding across the organisation.

## 3.11 **Review of Effectiveness**

3.11.1 The review of effectiveness has been informed by a range of assurance sources, including internal and external audit, corporate risk management, the Assurance Board, Director Assurance Statements, financial management and performance reporting, and external inspection and regulatory activity.

3.11.2 Taken together, these sources provide a consistent and triangulated view of the Council's governance, risk management, and control environment.

3.11.3 Based on the assurance sources set out above, the Council confirms that its core governance arrangements are in place and operating effectively, supporting the delivery of its strategic objectives and statutory responsibilities.

3.11.4 Assurance confirms that governance arrangements and systems of internal control are in place and operating across the organisation, with evidence of improvement during 2025/26 in areas including financial management, governance oversight, performance reporting, and compliance frameworks.

3.11.5 However, the review also identifies recurring themes across the Council's assurance framework. These include variability in the consistent application of controls, evidenced through Internal Audit findings such as the No Assurance

# Annual Governance Statement

opinion on Contract Management and Limited Assurance findings in Company Governance, Section 17 compliance and Loans & Investments. Housing Ombudsman decisions issued during 2025/26 also highlight recurring operational control issues, including delays in resolving issues, weaknesses in record keeping, failure to identify root causes and inconsistent application of policies and complaint handling procedures.

- 3.11.6 These findings are consistent with specific high-risk areas reflected in the Corporate Risk Register, such as procurement, subsidiary companies, financial sustainability and data governance. These risks highlight where governance frameworks are in place but still require strengthening and more consistent application. Taken together, the evidence indicates that risk management, financial management and performance frameworks are in place, but are not yet consistently embedded and applied across these high-risk areas.
- 3.11.7 Ongoing financial pressures, particularly within demand-led services such as Children's and Adults' Social Care and SEND, further highlight the need to strengthen financial resilience, forecasting and delivery of sustainable transformation.
- 3.11.8 External audit and inspection activity confirm a positive direction of travel but also identify areas requiring further improvement, including procurement, contract management, performance information, and consistency of service delivery.
- 3.11.9 Overall, this indicates that governance arrangements, risk management and internal control systems are in place and improving. However, they are not yet consistently embedded across all areas of the organisation and require continued strengthening.

## 4. Governance Issues

### 4.1 2024/25 Theme Areas

4.1.1 These still remain headline governance issues for the Council.

- Staffing
- Statement of Accounts
- Value For Money Assessment
- Financial Resilience
- Subsidiary Company Financial Resilience
- Local Code of Corporate Governance

### 4.2 2025/26 Headline Governance Challenges

#### Staffing

- 4.2.1 Workforce capacity and capability remain important to the Council's governance arrangements, particularly in specialist, statutory and governance-critical areas. The evidence does not indicate a general Council-wide staffing issue; however, it does identify targeted pressures in specific areas where capacity, technical expertise or continuity are important to effective governance and service delivery.
- 4.2.2 Ongoing workforce governance and oversight arrangements are in place including regular senior officer review of recruitment and agency activity through the Workforce Board and wider corporate governance processes. Recruitment

# Annual Governance Statement

continues to be managed within the Council's recruitment pause, with a focus on business-critical and statutory roles, supported by Strategic Director approval, HR and Finance Business Partner involvement, and reporting through the Workforce Board. These arrangements provide assurance on financial control and consistency of decision-making in workforce planning.

4.2.3 Some targeted capacity and capability pressures remain in governance-critical areas such as finance, procurement and statutory services. These are being actively managed through strengthened workforce governance arrangements, with temporary arrangements used in some areas to support continuity, service delivery and resilience.

4.2.4 Evidence from the Staff Temperature Check (2025) indicates that overall engagement levels remain broadly consistent with previous surveys, with an Employee Engagement Index score of 76.19%. While this demonstrates a generally stable workforce position, qualitative feedback highlights areas requiring continued focus, including communication, workload pressures, organisational change and staff wellbeing.

## **Statement of Accounts**

4.2.5 The preparation of timely, high-quality accounts is a key component of a sound system of governance.

4.2.6 The Council has now returned to operating on a single-year timetable for the preparation and audit of the Statement of Accounts. However, due to the application of national backstop arrangements, the level of cumulative audit assurance for earlier years remains limited.

4.2.7 Whilst all outstanding accounts have reached an audit opinion stage, audit certification has not yet been received for the years 2019/20 to 2022/23. As a result, external auditors are not yet able to formally confirm completion of the audit for those years.

4.2.8 The Council is collaborating with its external auditors to rebuild assurance through the timely completion of audits on a single-year basis.

4.2.9 The complexity of financial reporting, including the implementation of accounting requirements such as IFRS16 and the management of loans and lease arrangements across the Council and its group entities, increases the importance of maintaining strong technical capacity, robust controls, and effective governance oversight.

## **Value for Money Assessment**

4.2.10 External Value for Money review by Grant Thornton in 2024/25 identifies that, whilst governance and operational arrangements are in place and improving, there remain significant weaknesses in specific areas, including financial sustainability (particular in relation to transformation planning), governance of subsidiary companies and procurement arrangements.

4.2.11 The review highlights continued financial pressures and the need for a fully developed and deliverable transformation programme to support long-term financial resilience. It also identifies risks associated with the scale and complexity of the

# Annual Governance Statement

Council's subsidiary companies and the need to strengthen financial oversight, performance management, and decision-making.

- 4.2.12 In addition, significant weaknesses in procurement and contract management arrangements limit the Council's ability to demonstrate value for money and effective commercial oversight.
- 4.2.13 Overall, the findings indicate a positive direction of travel, with improvements made in several areas; however, they confirm that key governance, financial and control arrangements are not yet fully embedded or operating consistently across the organisation.
- 4.2.14 Key recommendations have been reported to the Audit and Risk Committee during 2025/26, with the most recent update presented in February 2026. Actions continue to be monitored through the Council's governance framework.

## **Financial Resilience**

- 4.2.15 Financial resilience remains a significant governance challenge for the Council.
- 4.2.16 The Council continues to face sustained financial pressures, including demand-led cost growth, structural funding gaps, and wider economic uncertainty. Demand within statutory services, particularly Children's and Adults' Social Care and SEND, continues to place pressure on budgets, highlighting the need to strengthen demand and activity-based forecasting and management of cost drivers.
- 4.2.17 Whilst financial management arrangements have strengthened, including improved monitoring, reduced reliance on reserves and delivery of savings, longer-term sustainability remains dependent on delivery of a fully funded and credible transformation programme.
- 4.2.18 Risks within the Council's subsidiary companies, including financial pressures, delivery risks, and reliance on Council support, further increase overall financial exposure.
- 4.2.19 Taken together, this confirms that whilst arrangements are in place and improving, financial resilience remains a key strategic risk requiring sustained focus.

## **Subsidiary Companies**

- 4.2.20 Governance and financial resilience across the Council's subsidiary companies remain a significant area of risk.
- 4.2.21 Shareholder Panel oversight during 2025/26 has identified ongoing financial pressures within key entities, including cashflow constraints, reliance on Council support and weaknesses in underlying financial controls, alongside delivery risks across major programmes and exposure to market volatility.
- 4.2.22 Within subsidiary companies, weaknesses in data quality, performance reporting and assurance arrangements persist across BD Group, including the absence of a consistent "single version of truth", impacting effective oversight and decision-making.
- 4.2.23 Whilst governance arrangements have strengthened, including enhanced oversight through the Shareholder Panel and improvements in business planning, these are

# Annual Governance Statement

not yet fully embedded. Further work is required to strengthen financial performance, governance consistency, transparency, and accountability across the company portfolio.

## **Local Code of Corporate Governance**

- 4.2.24 The Council has not adopted a standalone Local Code of Corporate Governance. However, the governance framework, including the Constitution, policies, procedures, and decision-making arrangements, collectively fulfils the role of a local code and reflects the principles of the CIPFA/SOLACE Delivering Good Governance Framework. Work is underway to formalise this into a single, documented Local Code of Corporate Governance.
- 4.2.25 While not a statutory requirement, achieving an up-to-date Local Code is considered 'best practice'. The Code is intended to describe the Council's governance framework and support the annual assessment of the effectiveness of governance.
- 4.2.26 The Head of Governance and Electoral Services will be drafting a Local Code of Corporate Governance for LBBD and is taking steps to build this into the Council's constitution.

## **Building Safety and regulatory compliance**

- 4.2.27 Building safety and regulatory compliance (including Awaab's Law) remain an ongoing governance challenge.
- 4.2.28 Assurance activity highlights risks relating to asset data quality, compliance evidence and clarity of roles and responsibilities across the Council and its companies. Operational pressures, including the scale of Fire Risk Assessment actions, continue to impact delivery.
- 4.2.29 Whilst progress has been made in strengthening compliance and oversight, these arrangements are not yet fully embedded. Increasing regulatory requirements will require continued focus on governance, capacity, and assurance during 2026/27.

## **Monitoring of Actions**

- 4.2.30 Actions to address the governance challenges identified in this statement are embedded within the Council's existing governance and assurance framework.
- 4.2.31 These actions are actively managed and monitored through established mechanisms, including corporate risk management processes, with risks and associated management actions captured and regularly reviewed through risk registers.
- 4.2.32 Oversight, challenge and accountability are provided through existing governance forums, including the Audit and Risk Committee, Assurance Board, Executive Management Team, Change Programme Board and Shareholder Panel, amongst others.
- 4.2.33 This integrated approach ensures that governance issues are actively managed, and that progress and delivery of improvement actions are monitored through the Council's business-as-usual governance arrangements. Progress against these actions is reported regularly through these forums and will inform future Annual Governance Statements.

## 5. Forward Look

5.1 In addition to the governance challenges identified above, a number of emerging areas will require continued focus during 2026/27.

5.2 These include:

- Delivery of transformation and change programmes (including Medium-Term Financial Strategy delivery) - ensuring the development and implementation of a fully funded and deliverable change programme, supported by effective governance and organisational capacity.
- Financial Sustainability and Demand Pressures - building on the financial resilience challenges identified above, ongoing demand-led pressures, particularly across social care (adults and children's) and housing, alongside wider funding constraints, will continue to require focus during 2026/27. The Council will need to continue strengthening financial planning, forecasting and delivery of the Medium-Term Financial Strategy to support financial resilience.
- Partnerships and place-based delivery – delivery of the Council's strategic priorities, including housing, regeneration, health and community outcomes, increasingly relies on effective partnership working across the Council, its wholly owned companies and external stakeholders. During 2026/27, the Council will need to continue strengthening governance, accountability, and performance oversight across partnerships to support effective delivery of shared priorities.
- Health system reform and financial pressures – ongoing reform of the NHS and Integrated Care System, together with significant financial pressures across the North East London health and care system, will require continued focus during 2026/27. Delivery of health and care outcomes increasingly relies on integrated working between the Council and NHS partners. Financial constraints and service transformation within the health system may have implications for demand, service delivery and partnership arrangements, requiring continued strengthening of joint governance, planning and oversight.
- Special Educational Needs and Disabilities (SEND) reform and demand management – responding to ongoing national reforms and sustained demand pressures, requiring strengthened forecasting, service planning, and financial sustainability.
- Schools and education financial pressures – an increasing number of schools are forecasting financial deficits, reflecting wider financial pressures within the education sector alongside sustained demand associated with SEND. During 2026/27, this will require continued focus to support financial sustainability of schools, and to ensure alignment of planning and oversight across education, SEND and wider Council services.
- Children's Social Care Reform – The Children's Wellbeing and Schools Act 2026 introduces significant reform to children's social care and safeguarding arrangements, with implementation ongoing during 2026/27. During 2025/26, work has been undertaken to support initial preparation and implementation of these changes. The reforms will require organisational consideration across

# Annual Governance Statement

workforce capacity, systems and partnership working. During 2026/27, the Council will need to continue embedding these changes across service delivery, governance, workforce capacity and financial planning.

- Major system implementation – including re-procurement and implementation of core financial system, requiring strong programme governance, data integrity, and control frameworks.
- Data, systems, and information management – improving data quality, system integration, and access to reliable management information to support decision-making, performance management, and audit assurance.
- Embedding governance improvements – ensuring that actions arising from internal audit, external audit and wider assurance activity are fully implemented and consistently embedded across the organisation.
- Procurement and contract management – the Council will need to continue strengthening its commissioning, procurement, contract management and supplier relationship arrangements to maximise value and outcomes from third-party expenditure. This includes ensuring robust oversight, performance management and resilience arrangements to mitigate risks associated with supplier failure or underperformance, and embedding new procurement requirements introduced during 2025/26.
- Cyber security - the Council continues to operate in an environment where the public sector is subject to heightened cyber risk. Ongoing focus will be required to strengthen cyber resilience, including maintaining robust preventative and detection controls, ensuring that employees and third-party providers remain aware of evolving threats, and regularly reviewing and updating business continuity plans and arrangements to ensure that services can be effectively maintained and restored in the event of a cyber incident.
- Business Continuity and Resilience - the Council will need to continue strengthening its business continuity and resilience arrangements to ensure that critical services can be maintained and recovered effectively in the event of disruption. This includes ongoing development, testing and embedding of business continuity plans and supporting governance arrangements.
- Public Office (Accountability) Bill (“Hillsborough Law”) – the Bill remains subject to parliamentary passage and has been carried over into the 2026/27 session. If enacted, it would strengthen requirements on public bodies in relation to candour, transparency and accountability. During 2026/27, the Council will need to monitor developments and assess implications for governance, decision-making, record keeping, officer conduct and training
- Employment Law Reforms – the Employment Rights Act 2025 is being implemented in phases during 2026 and 2027. During 2026/27, the Council will need to continue reviewing and updating employment policies, procedures, manager guidance, training and HR systems to ensure compliance and effective implementation. The Director of HR and OD has identified significant policy review requirements, system implications and capacity pressures arising from these reforms, which will be taken forward and implemented during 2026/27 in agreement with the Workforce Board and Executive Management Team.

# Annual Governance Statement

- Local Outcomes Framework - the introduction of the Framework from 2026/27 represents a shift to outcomes-based performance and accountability using nationally defined measures. The Council will need to review and update its performance management and reporting arrangements to ensure alignment, including maintaining a clear line of sight between priorities, delivery and outcomes, particularly where these are delivered in partnership. This will include developing reporting arrangements that build on the strengths of the existing framework while supporting delivery of *It Starts Here* and the new Corporate Plan.
- During 2026/27, the Council will need to review its performance management and reporting arrangements to seek to align with the LOF. This will include developing an efficient reporting system that builds on the strengths of the current framework, while providing sufficient insight into the delivery of *It Starts Here* and the new Corporate Plan. This should ensure a clear line of sight between priorities, strategy, delivery and outcomes, including where these are delivered in partnership.
- National and global economy – the above issues along with macroeconomic instability and the continued cost of living pressures on our residents, represent a corporate-level risk to the financial resilience of the Council.

5.3 Taken together, these issues reflect the need to continue strengthening governance maturity and embedding sustainable, resilient arrangements across the Council.

## 6. Conclusion

6.1 The Council concludes that appropriate governance arrangements were in place and generally effective during 2025/26 and are considered to be fit for purpose. Whilst there is clear evidence of a positive direction of travel, the review confirms that, although arrangements are in place, they are not yet fully embedded or operating consistently across all areas of the organisation. The Council remains committed to maintaining and improving these arrangements by:

- Addressing issues identified by Internal Audit as requiring improvement.
- Ensuring that effective sovereign and shared services arrangements are in place.
- Enhancing performance reporting to focus on key areas for improvement.
- Progressing key recommendations arising from the Grant Thornton Value for Money report through regular reporting and updates to members.

## Annual Governance Statement

- 6.2 Actions to address these issues are embedded within the Council's governance framework and are actively monitored through established governance mechanisms, as set out in Section 4.2. Progress will continue to be reviewed through the Council's assurance framework and future Annual Governance Statements.

Signed

Signed

**Councillor Dominic Twomey**

**Council Leader**

**Date: 19/06/2026**

**Fiona Taylor**

**Chief Executive**

**Date: 19/06/2026**

# GLOSSARY OF TERMS



## Glossary of Terms

Term	Definition
Accounting Policies	The rules and practices adopted by the Council that dictate how transactions and events are shown or costed.
Accruals	Amounts included in the accounts to cover income and expenditure attributable to the financial year, but for which payment had not been received or made as at 31 March.
Actuarial Valuation	A review carried out every three years by the actuary on the assets and liabilities of the Pension Fund. The actuary reports to the Fund's trustees on the financial position and recommended employer's contribution rates. The next actuarial review will be carried out at the end of financial year 2018/19 and the new rates will be applied from April 2020.
Balance Sheet	The Council's balance sheet presents the authority's financial position, i.e., its net resources, at 31 March. The balance sheet is composed of two main balancing parts: its net assets and its total reserves.
Beacon Properties	A sampling technique for valuing the Council's social housing based on the value of properties assuming vacant possession. The Beacon method is used for no other purpose except the special circumstances of the HRA valuation but is an efficient method of arriving at a representative valuation which enables values to be attributed to the whole of the Council's housing stock.
Budget	A forecast of the Council's planned expenditure. The level of the Council Tax is set by reference to detailed revenue budgets. Budgets are reviewed during the financial year to take account of pay and price changes, and other factors affecting the level or cost of services.
Capital Expenditure	Expenditure on the acquisition or enhancement of assets that are of benefit to the Council over a period of more than one year, e.g., buildings and land. Other examples include payments of grants and financial assistance to third parties, and expenditure that is classified as capital following a Ministerial direction, e.g., redundancy costs. (See also REFCUS below).
Capital Adjustment Account	A capital reserve that reflects the difference between the costs of fixed assets consumed and the capital financing set aside to pay for them. This is an accounting reserve which is not backed by cash and does not represent resources available to fund future capital expenditure.
Capital Receipts	Income received from the sale of land, buildings and other capital assets.
Central Support Services	Services that are provided by the administrative and professional service groups that support all the Council's services. They include financial, legal, personnel, IT, property and general administrative support.
Collection Fund	A separate account that discloses the income and expenditure relating to Council Tax and National Non-Domestic Rates. The Fund and the

## Glossary of Terms

Term	Definition
	taxes that form its basis have a significant impact on the level of resources available to both the Council and its preceptors (e.g., The Greater London Authority).
Community Assets	A class of fixed assets that are expected to be held by the Council in perpetuity. Examples include parks, historic buildings and works of art.
Comprehensive Income & Expenditure Statement	A statement showing 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. The Council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
Council Tax	A local taxation system used in England, Scotland and Wales. It is a tax on domestic property which was introduced in 1993. Each property is assigned one of eight bands (A to H) based on property value, and the tax is set as a fixed amount for each band. Council Tax is collected by the Council (the collecting authority). However, it may consist of components (precepts) levied and redistributed to other agencies or authorities (each known as a precepting authority, e.g., the Greater London Authority).
Council Tax Base	The number of Band D equivalent dwellings in the Borough. To calculate the Tax Base, the number of dwellings in each Council Tax band is adjusted to take account of any discounts, premiums or exemptions. The resulting figure for each band is then multiplied by its pro-portion relative to Band D (from 6/9 for Band A to 18/9 for Band H) and the total across all eight bands is calculated. The Tax Base is used to determine the level of Council Tax the Council charges each dwelling.
Council Tax Requirement	The amount of money the Council needs to raise from Council Tax to fund annual spending once Government funding and other sources of income are deducted.
Creditors	Amounts owed by the Council to suppliers for goods received or services provided before the end of the accounting period but for which payments have not been made by the end of that accounting period.
Debtors	Amounts owed to the Council for services provided before the end of the accounting period but for which payments have not been received by the end of that accounting period.
Deferred Liabilities	Sums owed to creditors that are not due for payment for at least one year. They are carried as a liability on the balance sheet, alongside other long-term debt obligations, until they are paid.
Defined Benefit Scheme	A type of pension plan in which the employer promises a specified pension payment, lump-sum (or combination thereof) on retirement that is predetermined by a formula based on the employee's earnings

## Glossary of Terms

Term	Definition
	<p>history, tenure of service and age, rather than depending directly on individual investment returns.</p> <p>A defined benefit plan is 'defined' in the sense that the benefit formula is defined and known in advance. The Council's Pension Scheme offers defined benefits for all its members.</p>
Depreciation	The loss in value of an asset due to age, wear and tear, deterioration or obsolescence.
Earmarked Reserves	Reserves set aside for a specific purpose, particular service or identified risk.
Finance Lease	<p>A funding arrangement where:</p> <ul style="list-style-type: none"> <li>• The lessee (the Council) will select an asset (e.g., equipment, vehicle, software);</li> <li>• The lessor (typically a finance company) will purchase that asset;</li> <li>• The Council will have use of that asset during the lease and pay rent for it;</li> <li>• The lessor will recover a large part or all of the cost of the asset plus earn interest from the rentals paid by the Council;</li> <li>• The Council may have the option to acquire ownership of the asset at the end of the rental period.</li> </ul>
General Fund	The main revenue fund from which the day-to-day costs of most services is met. The Council is required to maintain other Funds, e.g. the Housing Revenue Account, the Collection Fund and the Pension Fund. The accumulated credit balance on the General Fund Reserve is the excess of income over expenditure after adjusting for movements to and from reserves.
Government Grants	<p>Government supports the Council's general revenue expenditure through Revenue Support Grant (RSG), a grant given to local authorities which can be used to finance revenue expenditure on any service. The amount of RSG to be provided to authorities is set out in the annual local government finance settlement. RSG is being phased out and will cease entirely by 2020.</p> <p>In addition, specific Government grants are distributed outside the settlement. The basis of the distribution varies from grant to grant. For non ring-fenced grants there are no restrictions on what Councils can spend the money on. Where a specific grant is ring-fenced the expenditure is controlled to fund a particular service that is a national priority. For example, funding for schools is paid through the Dedicated Schools Grant, administered by the Department for Education.</p>
Gross Expenditure	The total cost of providing the Council's services before deducting income from Government grants, or fees and charges for services.

## Glossary of Terms

Term	Definition
Heritage Assets	Assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the Council in pursuit of its overall objectives in relation to the maintenance of heritage.
Historic Cost	A measure of value used in accounting in which the price of an asset on the Balance Sheet is based on its nominal or original cost as opposed to its current or fair value.
Housing Revenue Account (HRA)	The HRA specifically accounts for spending and income relating to the management and maintenance of the Council-owned housing stock. By law it must be kept separate from other Council accounts. The HRA is self-financing and receives no income and incurs no expenditure through the Council Tax. The main sources of HRA income are rents and charges for services and facilities.
Impairment	The permanent decline in the value of an asset. Impairment of assets is the diminishing in quality, strength, amount, or value of an asset. It is an accounting estimate of changes in value relating to the consumption of assets.
Infrastructure Assets	Assets that provide the platform for economic and social activity in the Borough, for example, roads, bridges and footpaths.
Interest	The amount received or paid for the use of a sum of money when it is invested or borrowed and typically expressed as an annual percentage rate.
Inventories	The amounts of unused or un-consumed goods held in expectation of future use within the following year. Inventory stocks are valued at the end of each financial year and carried forward to be matched to their use or consumption in the following year.
Investment Properties	The Council's interest in land and/or buildings which are held for their investment potential and rental income, rather than being occupied and used to help deliver services.
Levies	Payments that the Council is required to pay to other bodies. The levying bodies are: <ul style="list-style-type: none"> <li>• Lee Valley Regional Park Authority</li> <li>• London Pension Fund Authority</li> <li>• East London Waste Authority</li> <li>• Environment Agency</li> </ul>
Long Term Debtors	Debtors who are not expected or required to pay what they owe soon. In some cases, by agreement, it may be many years before the Council receives full payment from certain debtors (e.g., deferred receipts, mortgages).

## Glossary of Terms

Term	Definition
Minimum Revenue Provision	How capital expenditure which is financed by borrowing or credit arrangements is paid for by Council Tax payers. The Council is required each year to set aside some of its revenue income as provision for this debt.
Movement in Reserves Statement	A statement showing the movement in the year on the different reserves held by the Council, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'Unusable Reserves' (e.g. the Capital Adjustment Account; Revaluation Reserve; Pension Reserve).
National Non-Domestic Rates (NNDR)	Non-Domestic Rates, or business rates, collected by the Council are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1st April 2013, authorities keep a proportion of the business rates paid locally. This provides a direct financial incentive for authorities to work with local businesses to create a favourable local environment for growth since authorities will benefit from growth in business rates revenues. The money, together with revenue from Council Tax payers, Revenue Support Grant provided by the Government and certain other sums, is used to pay for the services provided by the Council.
Net Book Value	The amount at which the Council records an asset in its Balance Sheet. Net book value is calculated as the original cost of an asset, minus any accumulated depreciation, accumulated depletion, accumulated amortization, and accumulated impairment.
Net Expenditure	Total gross expenditure less income due to the Council. The Expenditure and Funding Analysis included in the financial statements shows for each of the Council's services a comparison of the net expenditure and the net charge against Council Tax.
Net Realisable Value (NRV)	The value of an asset that can be realized upon sale or disposal, less a reasonable estimate of the costs associated with either the eventual sale or the disposal of the asset in question. NRV is used to apply generally accepted accounting principles to accounting transactions.
Non-Current Assets	Tangible assets that yield benefits to the Council and the communities it serves for a period of more than one year, e.g., property, plant and equipment
Operating Lease	The rental of an asset from a lessor under terms that do not transfer ownership of the asset to the Council. During the rental period, the Council typically has unrestricted use of the asset, but is responsible for the condition of the asset at the end of the lease, when it is returned to the lessor.
Operational Assets	Long-lived assets held, occupied, used or consumed by the Council in the normal delivery of services. They are not held for resale, investment or disposal.

## Glossary of Terms

Term	Definition
Past Service Costs	The term used to describe the change in a defined benefit obligation for employee service in prior periods, arising because of changes to plan arrangements in the current period.
Post Balance Sheet Events	Events, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statement of Accounts is signed.
Precept	A charge made on the Council's Collection Fund by precepting authorities such as the Greater London Authority. The sums paid over to the precepting authorities are collected as part of the annual Council Tax from households in the Borough.
Prior Year Adjustment	If a material error is discovered in a previous year's financial statements that have already been signed off, a prior year adjustment is necessary to correct the error. Also, a note must be included with the financial statements to explain the nature of the error and its impact on the financial performance reported in the affected period.
Private Finance Initiative (PFI)	The private finance initiative (PFI) is a procurement method which uses private sector investment to deliver public sector infrastructure and/or services according to a specification defined by the Council. Because of subsequent changes in accounting conventions, assets acquired under a PFI scheme are now shown on the Balance Sheet.
Provision	An amount set aside for liabilities and losses which are likely to be incurred but where the exact amount and date on which it will arise is uncertain.
Rateable Value	The Valuation Office (an executive agency sponsored by HMRC) assesses the rateable value of individual non-domestic properties. Business rate bills are calculated by multiplying the rateable value by the NNDR poundage set by the Government for the year.
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset. The full cost is charged to the relevant service in the Comprehensive Income & Expenditure Statement but then reversed out through the Movement in Reserves Statement to ensure that there is no effect on the revenue accounts.
Related Party Transaction	<p>The Council is required to disclose material transactions with related parties. Related parties are 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 allow 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.</p> <p>Members and Senior Officers of the Council are required to declare if they have entered into any such transactions and any relationships of significant influence with any organisations associated with the Council.</p>

## Glossary of Terms

Term	Definition																																
Reserves	The Council's reserves fall into two categories. The 'unearmarked' reserve is the balance on the General Fund. An 'earmarked' reserve is an amount set aside in the Council's accounts for specific purposes.																																
Revaluation Reserve	A reserve that records unrealised net gains on Council assets arising from periodic revaluations.																																
Revenue Balances	These reserves represent surplus balances that can be used in the future. Some balances can only be used to meet future expenditure in a particular account, such as the Housing Revenue Account.																																
Revenue Expenditure	Day-to-day payments on the running of Council services, such as salaries and wages, heating, lighting, transport and charges for the use of assets.																																
Revenue Support Grant (RSG)	A general grant paid by the Government to Councils towards the costs of services, distributed via a formula. RSG is being phased out, and by 2020 will have been scrapped altogether.																																
Service Level Agreement (SLA)	Written agreements between providers of Council support services (e.g., Finance, Human Resources) and users. Each SLA specifies the support service to be provided, including timings and frequencies, the charges to be made and the period for which the agreement will run.																																
Surplus Assets	Assets that are not directly employed, used or consumed in the delivery of services. Examples include investment properties and assets that are surplus to requirements, pending sale, redevelopment or disposal.																																
Trading Accounts	Accounts that summarise the transactions of those Council services operating on a 'trading' basis and are financed by charges made to recipients of their services.																																
Transfer Value	A payment made by one pension scheme to another when a member changes employment to enable the receiving pension scheme to fund the member's defined benefits on retirement.																																
Valuation Band	<p>For the purposes of calculating Council Tax, all domestic properties in the Borough are analysed over eight Valuation Bands as specified in the Local Government Finance Act 1992.</p> <p>In England the Council Tax Valuation Bands are as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Band</th> <th style="text-align: left;">Value (relative to 1991 prices)</th> <th style="text-align: left;">Ratio</th> <th style="text-align: left;">Ratio as %</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>up to £40,000</td> <td>6/9</td> <td>67%</td> </tr> <tr> <td>B</td> <td>£40,001 to £52,000</td> <td>7/9</td> <td>78%</td> </tr> <tr> <td>C</td> <td>£52,001 to £68,000</td> <td>8/9</td> <td>89%</td> </tr> <tr> <td>D</td> <td>£68,001 to £88,000</td> <td>9/9</td> <td>100%</td> </tr> <tr> <td>E</td> <td>£88,001 to £120,000</td> <td>11/9</td> <td>122%</td> </tr> <tr> <td>F</td> <td>£120,001 to £160,000</td> <td>13/9</td> <td>144%</td> </tr> <tr> <td>G</td> <td>£160,001 to £320,000</td> <td>15/9</td> <td>167%</td> </tr> </tbody> </table>	Band	Value (relative to 1991 prices)	Ratio	Ratio as %	A	up to £40,000	6/9	67%	B	£40,001 to £52,000	7/9	78%	C	£52,001 to £68,000	8/9	89%	D	£68,001 to £88,000	9/9	100%	E	£88,001 to £120,000	11/9	122%	F	£120,001 to £160,000	13/9	144%	G	£160,001 to £320,000	15/9	167%
Band	Value (relative to 1991 prices)	Ratio	Ratio as %																														
A	up to £40,000	6/9	67%																														
B	£40,001 to £52,000	7/9	78%																														
C	£52,001 to £68,000	8/9	89%																														
D	£68,001 to £88,000	9/9	100%																														
E	£88,001 to £120,000	11/9	122%																														
F	£120,001 to £160,000	13/9	144%																														
G	£160,001 to £320,000	15/9	167%																														

## Glossary of Terms

Term	Definition
	H £320,001 and above 18/9 200%