London Borough of Hounslow

Statement of Accounts - 2024/25

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

London Borough of Hounslow

LONDON BOROUGH OF HOUNSLOW | HOUNSLOW HOUSE, 7 BATH ROAD, HOUNSLOW, MIDDLESEX, TW3 3EB

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PART 1: NARRATIVE STATEMENT

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This document presents the statutory financial statements for London Borough of Hounslow for the period 1 April 2024 to 31 March 2025 and gives a comprehensive summary of the overall financial position of the Council.

The narrative statement provides a summary of the Council operations, objectives and strategies, the principal risks that are being managed by the Council and the financial performance for the year relative to the strategic allocation of resources made through the annual budget.

Chief Finance Officer's Introduction

I am pleased to present the statement of accounts for 2024/25, for the year ending March 2025. These accounts are an important bookend to the year, outlining the complexity of the activities that the Council undertakes, both in financial and non-financial terms.

These accounts are designed to be a fully transparent document, reporting the Council's finances under the same reporting standards as the private sector across the UK. However, statutory overrides, complex grant and local government accounting rules have conspired to turn them into a very complex document for the resident and non-finance expert to navigate. The reader will therefore find the accompanying Narrative Report and Annual Governance Statement the more pertinent parts of the c200 pages to navigate.

The key takeaway from these accounts is that 2024/25 has been the toughest year to date for Hounslow in terms of pressure on its finances. You will see from prior sets of externally audited accounts. Hounslow has maintained a healthy set of reserves to mitigate any "rainy day" risks. The high level of inflation, cost of living crisis and post Covid-demand have resulted in that "rainy day". The £14.8m General Fund overspend is the manifestation of those challenges, a position that the whole of London has experienced this year.

Despite that challenge, I believe the Council continues to deliver excellent services for its residents. Last year's independent residents' survey noted that "More than 80% of residents are satisfied with Hounslow as a place to live, and three-quarters think the Council is doing a good job". Hounslow remains ambitious for its future; with One Hounslow priorities driving financial decisions, future budget rounds will work hard to ensure that value for money remains at the heart of priority setting and supports and enables the delivery of the Council corporate objectives and values.

For those that review these accounts, do take time to read. The public inspection period will allow you to comment on how we record the allocation of our resources.

Finally, I would like to specifically thank each and every finance officer who has collated both the main accounts and pension fund statements. This is no small feat and highlights the dedication at every level in the team in its commitment to effective and transparent reporting to its residents. Thank you all.

Jake Bacchus
Executive Director of Finance and Resources
June 2025

Background and external environment

The external environment, the situation, conditions and challenges of the borough the council serves, are described in detail in 'The State of the Borough', reported annually with the most recent report being presented to Borough Council in September 2024: **State of the Borough 2024 pg 1-19.pdf**. This report demonstrates how, stretching from Zone 2 of the London Underground network to the Home Counties, Hounslow is a place of contrasts. The borough is home to almost 300,000 people and 188 different languages; it is one of the most productive places in the country and an educational social mobility hotspot. In a country that appears ever more fractured, the borough stands out as an integration success story with more Hounslow residents calling the United Kingdom (UK) home than were born here.

The State of the Borough details a place of contrasts. Whist Hounslow children thrive at school and the borough features amongst the nation's leading local economies, we are also a place where good work can be hard to come by and a borough where too many residents rely on precarious, poorly paid jobs. Like much of London, we are a borough of declining birth rates. And yet our population continues to grow – and may exceed 320,000 within the next ten years. A third of Hounslow residents have made the UK their home since 2001 and one in nine moved into or out of Hounslow each year. Buying the average home in Hounslow now costs almost thirteen times the average salary and the cost of renting has increased by 12% in the last year. When it comes to health, too many of our children are unvaccinated. Too many of our working-age adults live with conditions that can limit their quality of life, and too many of our older residents experience a retirement marred by ill health.

A significant influence on The State of the Borough is its proximity to Heathrow Airport, at one time the busiest international airport in the world, which has brought both benefits and challenges to the borough. The Government's announcement in January 2025 of revived plans for a third runway at Heathrow Airport is likely to have long-term implications for the economy, public health, transport and communities in the borough.

The State of the Borough sits alongside our wider Data Hub **Welcome to the Hounslow Data Hub - Hounslow Data Hub**, the Council's internal service performance management information, and our ever-expanding engagement and consultation activity to provide that evidence base for action.

The key strategic planning document of the council is the Corporate Plan 2022-26 'Ambitious for Hounslow' **Corporate Plan | London Borough of Hounslow**, which brings together the organisational structure and capacity of the council with the challenges identified The State of the Borough to prioritise the council's objectives around six themes:

- A Greener Hounslow
- A Healthier Hounslow
- A Cleaner Hounslow
- A Thriving Hounslow
- A Safer Hounslow
- A Liveable Hounslow

The Ambitious for Hounslow Delivery Plan **CEX632 Corporate Plan - Appendix B - Delivery Plan.pdf** describes the activity that the Council will deliver to meet the priorities, objectives and ambitions set out in the Corporate Plan. The Delivery Plan is structured around time-limited programmes that are governed and managed in accordance with a standard programme management methodology. Resources for Delivery Plan programmes are met from strategic investment earmarked reserves, and the financial performance of Delivery Plan programmes is shown as separate distinct organisation unit in the Comprehensive Income and Expenditure Statement.

Achievement of the Corporate Plan priorities, Delivery Plan programmes and all our service provision is informed by the council's culture and values. We are proud of the Five Values that we have successfully articulated, that enable the council to be a place where people want to work and share our commitment. These are:

- Lead With Heart - we're here for the people of Hounslow
- Do New - we need to challenge ourselves to break new ground, invent new approaches, try new ideas, keep moving forward and keep improving
- Pass On The Power - we need to hand over responsibility and give people more power to make decisions and take action themselves
- Harness The Mix - we work together, across disciplines and roles
- Be A Rock - having the strength and determination to keep on going through thick and thin

Political Structure

The Council has the following make up:

- Labour 51 seats
- Conservative 8 seats
- Workers Party UK 1 seat
- Independents 2 seats

The borough comprises 62 elected members overall who, together, form the full council which meets about nine times a year. Council policy is decided at meetings of the full council where all 62 members discuss and vote on proposals. Formal council meetings are held to agree the council tax base and budget, elect the Mayor and other post holders and decide the main policy framework.

Organisational overview

The London Borough of Hounslow is a unitary London Borough situated in outer west London. We are therefore a social care authority with safeguarding responsibilities for both adults (at 31 March 2025 we provided long-term care services to 2,917 adults) and children (at 31 March 2025 there were 263 looked after children including 54 unaccompanied asylum-seeking children).

We are a housing authority, maintaining a Housing Revenue Account (HRA) consisting of 13,434 properties, and also providing services to 3,190 leaseholders. The financial statements of our Housing Revenue Account for 2025/26 are set out at Section 3 of the Statement of Accounts. We also support 496 households in temporary accommodation.

We are a planning authority, with statutory duties to develop and agree a Local Plan in general agreement with the London Plan, and to determine planning applications in line with that plan.

We are an education authority, with 50 maintained community and voluntary aided schools in the borough (43 primary, two secondary, four special schools and one pupil referral unit), and receive Dedicated Schools Grant from the Education and Skills Funding Agency to support all state-funded education providers in the borough.

We are a highways authority, responsible for the maintenance of adopted highways and infrastructure in the borough and for the local implementation of the Mayor of London's Transport Strategy. We are also a waste collection authority; however, waste disposal is undertaken in Hounslow by a separate single-purpose authority, the West London Waste Authority.

In addition to being a commissioner and provider of services across all these key statutory services, and many other services besides, we also have a strong community leadership role in our borough, acting as an anchor for residents, businesses and diverse communities. We build on our statutory housing and planning responsibilities to facilitate regeneration and economic growth in the borough, and working in partnership with other agencies, groups and communities, promote the elimination of structural inequality across the borough.

Aligned to these responsibilities the Council is organised into the following directorates:

- Communities and Strategy
- Children's and Adults' Services
- Regeneration, Housing and Environmental Services
- Integrated Care Partnerships, Health and Social Care Integration
- Finance and Resources

The council is led at officer level by the Interim Chief Executive who heads a Corporate Leadership Team of three executive directors, each of which covers a portfolio of services across these directorates.

The financial performance of these directorates is shown in the Comprehensive Income and Expenditure Statement (CIES). In addition, the CIES also includes the financial performance of the other areas of the council's business not managed through the directorate structure. These include maintained schools, that are not directly managed by the council, the Housing Revenue Account, and corporate financing and funding activities.

The council also holds the principal interest as the sole or main shareholder in trading companies established to assist the council in achieving key objectives. These are:

- Lampton 360 Ltd – a holding company for the resources overseeing the group's activities
- Lampton Recycle 360 Ltd – undertakes waste collection on behalf of the council
- Lampton GreenSpace 360 Ltd – undertakes grounds maintenance on behalf of the council
- Coalo Ltd – undertakes housing repairs and maintenance and cleaning services on behalf of the council
- Lampton Investment 360 Ltd – acquires housing properties for letting at below market rents assisting the council achieve its housing objectives
- Lampton Development 360 LLP – undertakes new building, mainly housing, on sites nominated by the council
- Lampton Leisure Ltd – provides management services for the council's leisure centres and sports facilities

The consolidated group accounts are presented in Section 4 of the Statement of Accounts. Although the group structure did not change during 2024/25, the role of Lampton Leisure Ltd changed to focus on the provision of management services rather than being an outright operator of leisure centres and sports facilities, which remains the responsibility of the Council and maximises the available financial efficiencies.

Governance

The Annual Governance Statement at section 6 of the Statement of Accounts sets out the key elements of the councils' governance framework, including the role of Cabinet and decision-making powers in accordance with the council's constitution, the role of the Corporate Leadership Team and the statutory postholders charged with effective governance, the Interim Chief Executive, the Executive Director of Finance and Resources and the Director of Law and Governance.

The council uses the CIPFA / SOLACE framework for delivering good governance to assess itself against the governance standards included in the framework, and the assessment for 2024/25 is included in the Annual Governance Statement.

An important change to the council's governance arrangements introduced in 2024/25 was the establishment of the Shareholder Committee, a sub-group of Cabinet charged with oversight of the financial and operating performance of the Lampton Group of trading subsidiary companies, in response to the increased risk profile of the financial standing of the trading companies, and the increased complexity of their operations.

Operational model

The Nature of Income and Expenditure (Note 6 to the main statements) in the Statement of Accounts sets out the income and expenditure of the council grouped in accordance with the CIPFA standard subjective classification of expenditure. Within this, one of the largest groups of expenditure is on staff, with total expenditure in 2024/25 of £319.3m, of which £156.2m was on staff engaged by the council and £163.1m on staff engaged by maintained schools. The council has 2,871 established funded posts (excluding posts in maintained schools) and invests in the workforce as the key resource for delivering corporate objectives, whilst maintaining a positive and supportive culture in line with the council's values. Details of the renumeration arrangement for the highest paid officers of the council are contained in the Officer Remuneration note (Note 12 to the main statements).

Employees of the council, as well as those of the Lampton trading companies, and several other admitted bodies, are eligible to join the London Borough of Hounslow pension scheme. More details of the scheme are contained in the London Borough of Hounslow Pension Fund accounts, at Section 5 of the Statement of Accounts.

In addition to the council's own workforce, the council has externalised significant areas of service provision, in addition to those services delivered on behalf of the council by Lampton trading companies. The council is around halfway through a 25-year contract for the management and maintenance of the highways network with Vinci Ringway, supported by Private

Finance Initiative grant. The Service Concession Arrangements (Note 30 to the main statements) contains more details of the expected cash flows over the remaining life of the contract.

Other key areas of the council's service provision that are externalised include the corporate services contract with Liberata UK plc, that cover Council Tax and business rates collection, benefits administration, payroll and several aspects of financial processes including payments and debt collection. Social care provision across all types of client groups is also largely externalised through a wide range of providers. The council has retained a strong commissioning function to manage costs and service outcomes across these complex areas of activity.

The largest sources of finance for the council's operations are Government grants, Council Tax and business rates. The Taxation and Non-Specific Grant Income (Note 9) and Grant Income (Note 18) notes to the main financial statements contain more details of the council's grant funding. The London Borough of Hounslow is a billing authority for Council Tax and business rates, which means that Council Tax proceeds are shared with the Greater London Authority (GLA) as a preceptor, and business rate income is shared with the GLA and central Government. The collection of distribution of these funding sources is contained in the Collection Fund, which is reported at Section 3 of the Statement of Accounts.

The resources are used to deliver the range of service provision set out above. The effectiveness of service delivery is measured through performance indicators that are reported to cabinet quarterly.

Risks and opportunities

The council's Cabinet approved the current Risk Management Strategy in March 2022. Risk management supports the council's ambition to be an outstanding Council serving an outstanding borough. It is at the heart of good management and corporate governance. Risk management is essential to the Council's ability to deliver public services and to act as a custodian of public money.

Key to the implementation of the Risk Management Strategy is the Corporate Risk Register (CRR) that is owned and monitored by the Corporate Leadership Team (CLT), and quarterly monitoring reports are presented to the Audit and Governance Committee. The CRR contains corporate risks. Corporate risks are those which cut across the delivery of all services, key programmes and projects and those that will affect the delivery of the Council's objectives. Risks are scored according to the likelihood of their happening, from one being very unlikely, to five being very likely. They are also scored according to their potential impact, from one being negligible, to five being severe. These likelihood and impact scores are combined to give a total risk score.

The most recent Risk Management report **Corporate Risk Register Update_Final.pdf** showed that financial risks are currently the most significant risks in the CRR, having the highest risk scores. This includes weakening of the council's financial resilience, where the scale of the financial challenges facing the Council is becoming more significant with a real need to effectively identify and deliver savings and ensure spending is controlled at budget levels or less. One particular area that requires continued oversight is the changing nature of demand-led services which is putting significant pressure on the council's future reserve position, as outlined in the Budget 2025/26 report to Cabinet and Borough Council in February 2025 **Cabinet Report**. Alongside this was the risk of a material in-year budget deficit and resulting adverse impact on the One Hounslow Financial Strategy, which has materialised in the form an outturn £14.8m overspend on the General Fund budget included in the Budget Outturn 2024/25 report to Cabinet in June 2025.

The council declared at climate emergency in 2019 and has since put in place a Climate Emergency Action Plan, which is reviewed by Cabinet annually. The fourth annual update was considered by Cabinet in January 2025 **Climate Emergency Action Plan - Appendix 1.pdf**. This included a risk assessment of the required actions and milestones to achieve the ambition for net zero emissions from the council's operations by 2030. The key risks identified were insufficient funding to achieve a 50% reduction in emissions compared to 2018/19 by 2026, or to bring the social housing portfolio to an average Energy Performance Certificate rating of 'B' by 2030. Limitations on funding are also at risk of hampering efforts to secure wider decarbonisation across the borough.

Strategy and resource allocation

The aim of the One Hounslow Finance Strategy (OHFS), our medium-term financial strategy, is to provide an overarching framework that goes beyond the current budget period pulling together all known factors affecting the financial health of the Council over the medium term in pursuit of our strategic objectives as set out in the Corporate Plan, whilst maintaining our strong financial standing. It places the goal of financial sustainability at the heart of financial planning, while also providing the frameworks for setting annual budgets, capital investment and the management of financial risks.

The OHFS was originally approved by the council's Cabinet in July 2022, and by Borough Council in September 2022. Updates to the OHFS to reflect the rapidly changing financial environment of the council have been presented to Cabinet twice per year, with the most recent update being approved by Cabinet in December 2024 **Cabinet Report**.

The HRA Business Plan contains a 30-year projection of expenditure and income from the council's landlord responsibilities for the housing stock. This also sets the upper limits on capital investment in existing dwellings, acquisition or build of new housing units, and resources for estate regeneration. The latest HRA Business Plan was approved by Cabinet in February 2025 **Housing Revenue Account 30-Year Business Plan**.

Developer contributions through the Community Infrastructure Levy (CIL) and Section 106 contributions are an important source of funding for capital investment and investment in communities through grass-roots projects. The council operates an annual allocation process for strategic CIL, to balance competing calls on this funding, and allocates Section 106 contributions on a quarterly basis. The most recent allocation of strategic CIL was reported to Cabinet in February 2025, alongside the Infrastructure Funding Statement that demonstrated how CIL and Section 106 funding was allocated and used in the previous year **Infrastructure Funding Statement**.

The council's trading companies produce annual business plans that presented for approval by Cabinet, the most recent being the Lampton Group Annual Business Plan 2025/26 approved by Cabinet in February 2025.

Performance

Outturn financial performance for the 2024/25 financial year was reported to Cabinet in June 2025 **Cabinet Report**.

General Fund

The General Fund is the main revenue fund from which the cost of services is met. It highlights how funding is used to provide statutory services and how Hounslow was able to deliver its many achievements.

Table 1: General Fund Outturn Summary

`	Revised Budget	Actual Outturn	Outturn Variance	of which: Met from Contingency	of which: Other Activity
	(£m)	(£m)	(£m)	(£m)	(£m)
Chief Executive's	0.6	0.7	0.1	0.0	0.1
Children & Adult Services	135.0	152.0	17.0	(10.5)	6.5
Communities & Strategy	24.9	25.0	0.1	0.0	0.1
Finance & Resources	26.0	25.7	(0.3)	(0.2)	(0.5)
ICP, Health & Social Care Integration	15.9	16.2	0.3	0.0	0.3
Regeneration, Housing & Environmental Services	56.3	64.9	8.6	(0.1)	8.5
Sub-total Directorate Budgets	258.7	284.5	25.8	(10.8)	15.0
Corporate Budgets	(241.1)	(247.9)	(6.8)	10.8	4.0
Reserves Drawing	(17.6)	(21.8)	(4.2)	0.0	(4.2)
General Fund Total	**0.0**	**14.8**	**14.8**	**0.0**	**14.8**

Table 1 outlines the council's General Fund revenue outturn for 2024/25, against its approved budget. The General Fund revenue outturn position shows an overspend of £14.8m, which is further analysed between pressures met from corporate contingencies included in the 2024/25 budget, and variances relating to other activities. The principal reasons for the outturn overspend of £14.8m, were a continuation of the resurgence of demand-led pressures on adult social care as compared to the assumptions made in setting the corporate contingencies for the 2024/25 budget (£4.3m), a loss on disinvestment of treasury investments from the Fidelity Multi-Asset Income Fund (£3.9m); pressures on the net cost of waste collection and waste disposal (£1.8m); and increasing pressures on homelessness (£2.2m).

In March 2023 the council reached agreement with the Department for Education under the Safety Valve programme, to reduce the cumulative deficit on the Dedicated Schools Grant (DSG) over a fixed period, through savings and reforms of the council's high needs education system, in return for additional DSG grant. The council continued to make progress in implementing the DSG Management Plan, however despite this the cumulative DSG deficit increased by £1.1m to £12.3m over the year.

Individual maintained schools made an in-year deficit of £4.3m, reducing schools delegated balances to £2.8m.

Capital

The capital programme budget for 2024/25-2027/28 was £447.6m, of which £151.9m was programmed for 2024/25. Actual capital expenditure for the year was £121.6m, giving a net in-year variance of £30.3m against the 2024/25 budget. The largest area of capital expenditure was on the housing new build programme (£61.0m), which continues to deliver new homes for social rent in the borough.

Table 2: Capital Programme Outturn Summary

	2024/25				
	In Year Budget				
Fund	Budget	Outturn	Variance	Of Which: Programme Variance	Of Which: Re-phasing
	£m	£m	£m	£m	£m
General Fund	58.9	35.2	(22.8)	(1.3)	(21.5)
HRA	93.9	86.4	(7.5)	0.0	(7.5)
Total	**151.9**	**121.6**	**(30.3)**	**(1.3)**	**(29.0)**

The most significant slippage was in the general fund capital programme, where there was slippage on various programmes including corporate property projects and programmes (£4.2m), slippage in the Digital and IT programme (£4.5m), and the continued review of the Dukes Meadow masterplan (£4.0m). There was also an in-year variance of £7.5m on the HRA capital programme, consisting of a variance of £2.5m on the Estate Investment Programme and a variance of £5.0m on the Council House Building Programme.

Housing Revenue Account (HRA)

The Housing Revenue Account (HRA) is established in accordance with the Local Government and Housing Act 1989. The HRA is a ring-fenced account containing solely the costs relating to the provision, management and maintenance of the Council's housing stock and the income from rents and service charges from tenants and leaseholders.

The HRA budget for 2024/25 was set with a view to restoring HRA unallocated balances to a level more commensurate with the risk profile of the fund and thus included a budgeted contribution to HRA balances and reserves of £3.4m. The outturn position was for a reduced contribution of £2.1m, due to the level of void dwellings and repairs and maintenance costs, as well as higher interest costs. HRA borrowing to finance capital programme expenditure totalled £41.7m in 2024/25.

Organisational Performance

Performance indicators have been developed that capture the breadth of the wider performance of the council and are report to Cabinet quarterly. Outturn performance for the 2024/25 financial year was reported to Cabinet in June 2025 **Quarterly Performance Report**.

The performance measures reported are priority service indicators tied to our Corporate Plan themes and the organisation's 'corporate health'. They are the measures that are considered particularly relevant to the delivery of the Corporate Plan and align to its priorities of a greener, healthier, cleaner, thriving, safer and liveable Hounslow. They have been selected because they can be directly controlled by the work of the Council (or offer a good proxy measure of progress) and reflect the organisation's capability and capacity to deliver services to Hounslow's residents.

Targets are applied to many of our indicators. These targets may be statutory or designed to demonstrate continuous improvement. They may also demonstrate the strength of our performance relative to benchmarks. It is not always appropriate to set targets. As such, some of our indicators are monitored for trends, but not measured against a target.

Organisational performance is also measured through statutory inspections of key services and functions. During 2024/25 there was one significant inspection, an area SEND inspection completed by CQC and Ofsted in October 2024, which concluded that their inconsistent experiences and outcomes and a need for the local area partnership to work jointly to make improvements.

Financial outlook

Following on from the OHFS update presented to Cabinet in December 2024, and the local government finance settlement for 2025/26, the Budget 2025/26 report **Cabinet Report** to Cabinet and Borough Council in February 2025 included an updated assessment of the financial challenge facing the General Fund, measured at a budget gap of almost £50 million by 2027/28. Key drivers of service expenditure, such as increased inflation and accelerating demand for services such as Adult Social Care and temporary accommodation are expected to continue at levels for which the local government funding model was not designed. The budget gap is not only increasing in future years, but is present for the 2025/26 budget, with the recurrent budget gap, as measured in line with the methodology set out in the OHFS, standing at £35.3m for 2025/26. This has required a gross drawing of £28.1m to be made from risk earmarked reserves to balance the 2025/26 budget.

The continued drawing on available earmarked reserves cannot be sustained over the medium term, and with reserves dwindling, new ways of managing resources have been considered for the 2025/26 budget. Alongside the Budget 2025/26, the council adopted for the first time a Flexible Use of Capital Receipts policy, enabling transformation projects that demonstrate clear links to savings delivery to be capitalised and funded from capital receipts. This provides only the potential for a temporary relief from severe funding pressures, while the search for more sustainable solutions continues.

The Government has policy aims to restore the financial standing and funding of local government but also faces challenges in managing the competing demands for public expenditure, including the need for increased defence spending in response to international security concerns, and expectations placed on the health service domestically. The Spending Review announced in June 2025, that has set Government departmental budgets for the years 2026/27 to 2028/29, included only modest increases in local government funding, with Council Tax increases remaining the principal lever to increase resources for local government services.

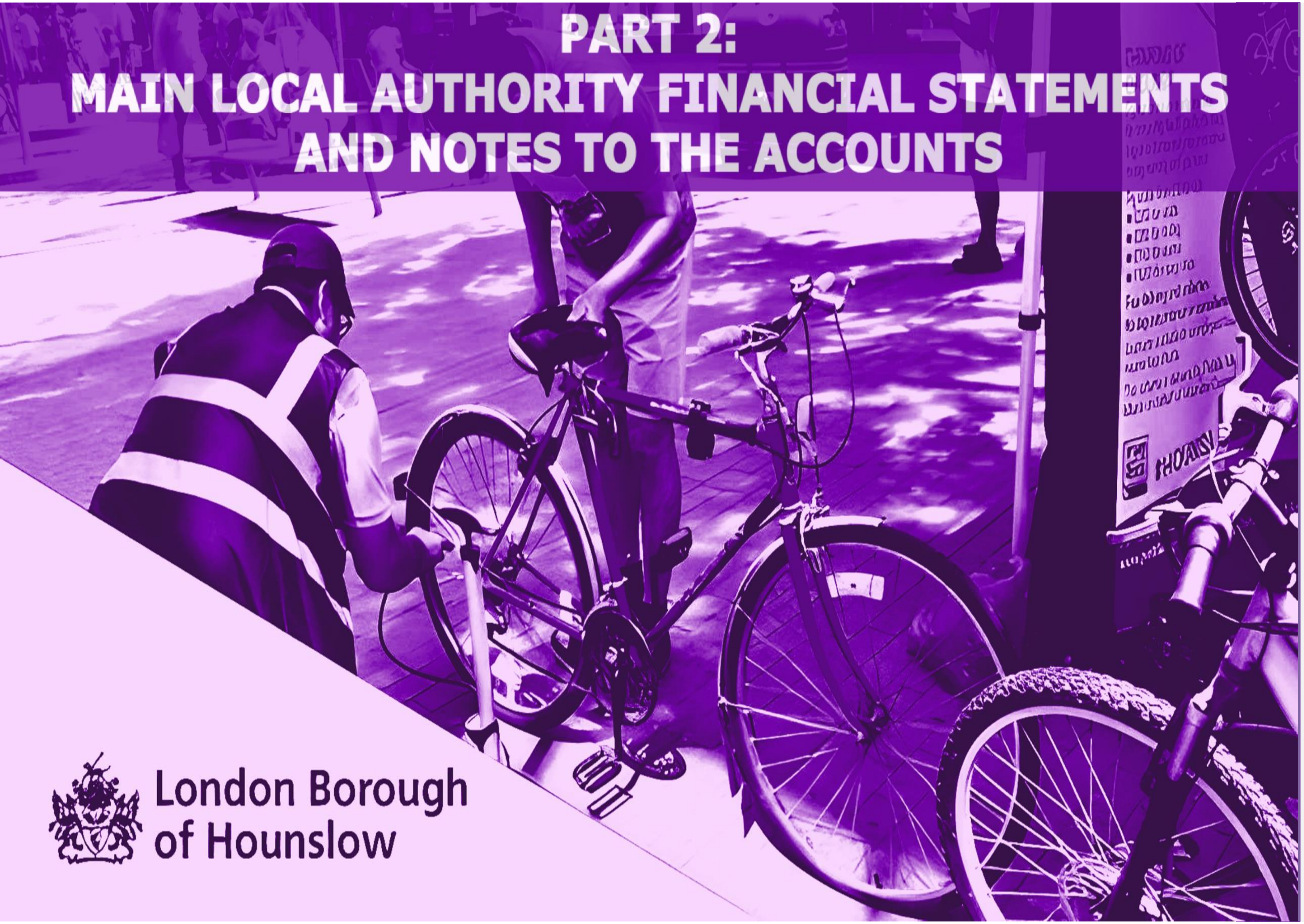
Later in June 2025, the Government launched a consultation on funding formula changes, intended to take effect from the 2026/27 financial year. As was widely anticipated, the formula proposals entail significant regional shifts in resources, including a move away from London as a whole. Proposed changes to children's services funding are expected to have a negative impact, and the accompanying re-set of the business rates retention system, for the first time since the system was introduced in 2013, increases uncertainly in the short term. However, the proposed formula changes may also offer opportunities for increased funding, if localised growth and changes in service demand that have not previously been recognised in the formulae, or have not been recently updated, are made and funded accordingly. In summary much will depend on the outcome of the consultation and crucially the overall size of the settlement for local government with the Spending Review announcements and subsequent statements confirming an ongoing reliance on Council tax uplifts as the main source of funding for the sector.

Introduction to the financial statements

The pages that follow are the Authority's accounts for 2024/25 and comprise:

- **Comprehensive Income and Expenditure (CI&E) Statement** – This reports the cost of performing the council's functions based on International Financial Reporting Standards (IFRS) and shows how that cost is financed from charges made by the council, Council Tax and central Government funding. The transactions required under statute and the use of the council's own reserves are shown separately in the Movement in Reserves Statement and accompanying notes.
- **Movement in Reserves Statement** – This statement records the increases and decreases in the council's reserves during the course of the year, including surpluses or deficits of expenditure and income and transfers between reserves.
- **Balance Sheet** – This statement records the council's year-end financial position at 31 March. It shows the assets owned, and amounts owed in the long-term, as well as the net current assets and liabilities, and the reserves at the council's disposal. It excludes trust funds held on behalf of individuals and organisations and the Pension Fund.
- **The Cash Flow Statement** – This summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue purposes.
- **Expenditure Funding Analysis –** This compares how the expenditure is allocated for decision making purposes between the Council's directorates with the position based on IFRS, showing the impact on the council's General Fund and Housing Revenue Account balances.
- **Statement of Accounting Policies** – This explains the basis of the figures in the accounts.
- **Housing Revenue Account** – This records the council's statutory obligation to account separately for the costs of its landlord role. It shows the major elements of housing revenue expenditure - maintenance, administration, rent rebates - and how these are met by rents and other income.
- **Collection Fund** – This shows the transactions of the council as a billing authority in relation to non-domestic rates and Council Tax and illustrates the way in which they have been distributed to precepting authorities and the comprehensive income and expenditure statement. The council's share of the Collection Fund is consolidated with other accounts of the council.
- **The Group Accounts –** This provides a group comprehensive income and expenditure statement, balance sheet, movement in reserves statement and cash flow statement for the council and subsidiaries combined. The notes to the accounts are only restated where they are materially different from the council's individual accounts.
- **Pension Fund Revenue Account and Net Assets Statement** – The Revenue Account shows the contributions to the fund during the year, and the benefits paid from it. The Net Assets Statement sets out the financial position for the Fund as at 31 March. The council acting as trustee separately manages the fund and its accounts are separate from the council's accounts.
- **Statement of Responsibilities for the Statement of Accounts** – This sets out the responsibilities of the Council and the Chief Financial Officer in respect of the preparation of the accounts.
- **Annual Governance Statement** – this sets out the governance arrangements for the council, measuring them against the CIPFA / SOLACE Good Governance Framework.

PART 2:
MAIN LOCAL AUTHORITY FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS



London Borough of Hounslow

PART 2: MAIN LOCAL AUTHORITY FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2023/24 Re-stated				2024/25			Notes
Expenditure	Income	Net		Expenditure	Income	Net	
£m	£m	£m		£m	£m	£m	
0.5	0.0	0.5	Chief Executive's Directorate	0.6	0.0	0.6	
117.0	(91.8)	25.2	Finance and Resources	114.4	(91.8)	22.6	
270.5	(122.0)	148.5	Children's and Adults' Services	299.6	(139.9)	159.7	
205.5	(197.8)	7.7	Maintained Schools	228.9	(217.5)	11.4	
128.1	(77.8)	50.3	Regeneration, Housing & Environmental Services	151.2	(89.2)	62.0	
28.8	(4.6)	24.2	Communities and Strategy	31.1	(6.1)	25.0	
21.0	(3.0)	18.0	ICP, Health and Social Care Integration	23.0	(4.8)	18.2	
5.9	(0.2)	5.7	Delivery Plan	4.8	0.1	4.9	
82.5	(100.5)	(18.0)	Housing Revenue Account	86.2	(110.3)	(24.1)	
0.2	(17.9)	(17.7)	Corporate Items	(0.6)	(18.9)	(19.5)	
860.0	**(615.6)**	**244.4**	Cost Of Services	**939.3**	**(678.4)**	**260.8**	
10.0	0.0	10.0	Other Operating Expenditure	11.2	0.0	11.2	7
18.7	(12.5)	6.2	Financing and Investment Income and Expenditure	13.2	(13.0)	0.2	8
0.0	(262.5)	(262.5)	Taxation and Non-Specific Grant Income	0.0	(290.4)	(290.4)	9
888.7	**(890.6)**	**(1.9)**	(Surplus) or Deficit on Provision of Services	**963.7**	**(981.8)**	**(18.0)**	
		47.0	(Surplus) or deficit on revaluation of property, plant and equipment			48.6	23
		(64.5)	Remeasurement of the net defined benefit liability/asset			5.4	14
		(17.5)	Other Comprehensive Income and Expenditure			**54.0**	
		(19.4)	**Total Comprehensive Income and Expenditure**			**36.0**	

In the above table figures shown as positive represent a cost to the Council, while figures shown as negative represent an income.

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement from the start of the year to the end of the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in-year of the Authority's 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 amounts chargeable to Council tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

2024/25										
	General Fund Balance	Earmarked GF Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance as at 1 Apr 2024	**(13.8)**	**(183.5)**	**(3.6)**	**(11.4)**	**(48.1)**	**(0.8)**	**(31.7)**	**(292.9)**	**(2,373.4)**	**(2,666.3)**
Surplus or deficit on provision of services (accounting basis)	10.7		(28.7)					(18.0)		(18.0)
Other Comprehensive Expenditure and Income									54.0	54.0
Total Comprehensive Expenditure and Income	10.6	0.0	(28.7)	0.0	0.0	0.0	0.0	(18.1)	54.0	36.0
Adjustments between accounting basis & funding basis under regulations	45.5		25.9		(1.3)	0.8	(2.6)	68.3	(68.3)	0.0
Net Increase / Decrease before Transfers to Earmarked Reserves	56.2	0.0	(2.8)	0.0	(1.3)	0.8	(2.6)	50.3	(14.3)	36.0
Transfers to / from Earmarked Reserves	(60.4)	60.4	1.7	(1.7)	0.0	0.0	0.0	0.0	0.0	0.0
Increase / Decrease in Year	(4.2)	60.4	(1.1)	(1.7)	(1.3)	0.8	(2.6)	50.3	(14.4)	36.0
Balance as at 31 Mar 2025	**(18.0)**	**(123.1)**	**(4.7)**	**(13.1)**	**(49.4)**	**0.0**	**(34.3)**	**(242.6)**	**(2,387.8)**	**(2,630.3)**

2023/24										
	General Fund Balance	Earmarked GF Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance as at 1 Apr 2023	**(13.2)**	**(202.1)**	**(7.0)**	**(11.4)**	**(58.2)**	**(0.8)**	**(21.6)**	**(314.3)**	**(2,332.6)**	**(2,646.9)**
Surplus or deficit on provision of services (accounting basis)	16.1		(18.0)					(1.9)		(1.9)
Other Comprehensive Expenditure and Income								0.0	(17.5)	(17.5)
Total Comprehensive Expenditure and Income	16.1	0.0	(18.0)	0.0	0.0	0.0	0.0	(1.9)	(17.5)	(19.4)
Adjustments between accounting basis & funding basis under regulations	1.9		21.4		10.1	0.0	(10.1)	23.3	(23.3)	0.0
Net Increase / Decrease before Transfers to Earmarked Reserves	18.0	0.0	3.4	0.0	10.1	0.0	(10.1)	21.4	(40.8)	(19.4)
Transfers to / from Earmarked Reserves	(18.6)	18.6	0.0	0.0				0.0		0.0
Increase / Decrease in Year	(0.6)	18.6	3.4	0.0	10.1	0.0	(10.1)	21.4	(40.8)	(19.4)
Balance as at 31 Mar 2024	**(13.8)**	**(183.5)**	**(3.6)**	**(11.4)**	**(48.1)**	**(0.8)**	**(31.7)**	**(292.9)**	**(2,373.4)**	**(2,666.3)**

BALANCE SHEET

31 Mar 2024		31 Mar 2025	Notes
£m		£m	
2,986.7	Property, Plant & Equipment	3,004.0	25
78.9	Investment Property	89.6	26
6.3	Intangible Assets	11.0	
22.0	Heritage Assets	22.2	27
232.4	Long-Term Debtors	232.6	28
3,326.3	Long-Term Assets	3,359.4	
57.8	Short-Term Investments	62.0	37
0.1	Inventories	0.1	
92.2	Short-Term Debtors	95.9	31
11.6	Cash and Cash Equivalents	24.3	32
161.7	Current Assets	182.3	
(97.1)	Short-Term Borrowing	(114.3)	
(142.2)	Short-Term Creditors	(169.5)	33
(10.6)	Short-Term Provisions	(9.2)	34
(249.9)	Current Liabilities	(292.2)	
(2.5)	Long-Term Provisions	(4.6)	34
(455.6)	Long-Term Borrowing	(498.5)	37
(70.8)	Other Long-Term Liabilities	(69.0)	35
(42.9)	Capital Grants Receipts in Advance	(46.3)	18
(571.8)	Long-Term Liabilities	(613.5)	
2,666.3	**Net Assets**	**2,630.3**	
(292.9)	Usable reserves	(242.6)	22
(2,373.4)	Unusable Reserves	(2,387.7)	23
(2,666.3)	**Total Reserves**	**(2,630.3)**	

CASH FLOW STATEMENT

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

2023/24		2024/25
£m		£m
1.9	Net surplus or (deficit) on the provision of services	18.0
17.1	Adjust net surplus or deficit on the provision of services for non-cash movements	73.5
(57.1)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(52.6)
(38.1)	**Net cash flows from Operating Activities**	**38.9**
(158.7)	Purchase of property, plant and equipment, investment property and intangible assets	(123.5)
13.3	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	13.0
(594.0)	Purchase of long- and short-term investments	(935.8)
604.3	Cash receipts of long- and short-term investments	932.3
43.8	Cash receipts relating to investing activities	39.6
(91.3)	**Investing Activities**	**(74.4)**
160.0	Cash receipts of short-term and long-term borrowing	122.5
0.0	Net inflow reflecting timing differences in Council Tax and business rates due to/from precepting authorities and central Government	13.0
(3.7)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(3.8)
(4.2)	Repayments of short-term and long-term borrowing	(83.5)
(33.5)	Net outflow reflecting timing differences in Council Tax and business rates due to/from precepting authorities and central Government	0.0
118.6	**Financing Activities**	**48.2**
(10.8)	**Net increase or decrease in cash and cash equivalents**	**12.7**
22.4	Cash and cash equivalents at the beginning of the reporting period	11.6
11.6	**Cash and cash equivalents at the end of the reporting period**	**24.3**

NOTES TO THE ACCOUNTS

Explaining how the Statement of Accounts has been prepared

Note 1 Accounting Policies

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

The Statement of Accounts have also been prepared to comply with the Update to the Code and Specifications for Future Codes for Infrastructure Assets published in November 2022, which provides a temporary relief not to report gross cost and accumulated depreciation for infrastructure assets for accounting periods commencing 1 April 2021.

The CIPFA Code allows authorities not to disclose information that is not material. The Council has where appropriate adopted this approach to only provide information which is material and aids the reader of the accounts.

More details about the individual accounting policies used by the Authority are set out from page 87.

Note 2 Accounting Standards Issued, Not Adopted

The Code of Practice requires that the Authority discloses information relating to the impact of accounting standards issued, but not yet adopted.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 2024/25:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)
- IFRS 17 Insurance Contracts replaces IFRS 4
- The 2025/26 Code of Practice will include a new interpretation of IAS 38 Intangible Assets
- From 1 April 2025, the Accounting Code will change the arrangements for the valuation of Property, Plant and Equipment

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out from page 87 the Authority 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 as follows:

- In management's judgement, the Council has interests in the following entities that fall within the group boundary of the Council on the grounds of control and significant influence in line with the Code and have therefore been consolidated within the Council's group accounts:
    - Coalo Ltd
    - Lampton 360 Ltd
    - Lampton Greenspace 360 Ltd
    - Lampton Recycle 360 Ltd
    - Lampton Leisure Ltd
    - Lampton Investment 360 Ltd
    - Lampton Development 360 LLP

- In management's judgement a school should be included in the Council's non-current assets if it owns or has some responsibility for, control over or benefit from the service potential of the premises. As a result, assets relating to academies, voluntary aided, voluntary controlled or free schools are not controlled by the Council.
- The Authority has made judgements on whether assets are classified as Investment Property or Property, Plant and Equipment. These judgements are based on the main reason that the Authority is holding the asset. If the asset is used in the delivery of services or is occupied by third parties that are subsidised by the Authority it is deemed to be a Property, Plant and Equipment asset. If there were no subsidy and/or a full market rent being charged this would indicate that the asset is an Investment Property. The classification determines the valuation method used.
- Lenders Option / Borrowers Option loans (LOBOs) are judged to be treated as non-current liabilities as although interest rates are higher than in recent history it is increasingly unlikely that the lenders option would be taken up especially as interest rates are now on the downward trajectory.

Furthermore, the London Borough of Hounslow is a local authority and therefore the financial statements have been prepared on the going concern basis in accordance with paragraph 2.1.2.9 of the Code.

Note 4 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority 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 items in the Authority's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are set out in the following table:

Item	Uncertainties	Effect if actual results differ from assumptions
Investment Properties and Property Plant and Equipment	A process of revaluation is undertaken as set out in the accounting policies. Revaluations of council dwellings, other land and buildings and investment properties are provided by professional valuers. However, the revaluation process cannot take account of detailed up to date information for every building revalued, given the large size, and diverse nature and age, of the building stock, and the relatively small level of resources which can be allocated for this function. Often assumptions are made, and industry index values are applied, to arrive at an appropriate estimate of the asset's value. Some of these judgements can be subjective.	The Authority's balance sheet includes a significant value of property, investment property, plant and equipment, as detailed in Note 25 Property Plant and Equipment and Note 26 Investment Property. Small variations in assumptions made can have a significant impact on the assigned value. Movements in valuation, however, do not affect Council tax levels, but are reflected in changes to the Capital Adjustment Account or Revaluation Reserve, as appropriate.
Property, Plant and Equipment	The useful economic lives of assets are re-assessed whenever the assets are revalued. This is then used to calculate the annual depreciation charge. It is very difficult to assess accurately the life of many buildings, and assumptions will often be made in setting a useful economic life.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. Similarly, if the life of assets is increased by a revaluation, depreciation will reduce but the carrying amount of the asset will increase. Although depreciation itself does not affect Council tax levels (as it is a notional charge), there is a capital cost to the Council if a building has to be replaced early, or a capital saving if a building lasts longer than expected. Depreciation of the relevant assts is detailed in Note 25 Property Plant and Equipment.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied (see Note 14).	The actuarial loss or gain provided by the actuary's calculation can be significant. This charge to the Comprehensive Income & Expenditure Statement is notional as it is not charged to the general fund and does not affect Council tax levels. If the future investment returns are different from the actuarial assumptions, it will not affect the Council tax. However, if the pension fund assets and liabilities vary significantly from those forecast by the actuary, it could mean that either higher or lower pension contributions would be payable by the Authority in the future.

ABOUT THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Note 5 Expenditure and Funding Analysis

The Expenditure and Funding Analysis note to the accounts is set out below. This note illustrates how the funding available to the Council for the year 2024/25 and 2023/24 has been used to provide services in comparison with those resources consumed or earned under generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under general accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25	As reported to management	Adjustments to arrive at net charge to General Fund and HRA	Net expenditure chargeable to the General Fund and HRA	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£m	£m	£m	£m	£m
Chief Executive's Directorate	0.7	(0.1)	0.6	0.0	0.6
Finance and Resources	25.8	(3.2)	22.6	0.0	22.6
Children's and Adults' Services	151.0	8.1	159.1	0.6	159.7
Maintained Schools	0.0	4.3	4.3	7.1	11.4
Regeneration, Housing & Environmental Services	55.3	(4.0)	51.3	10.7	62.0
Communities and Strategy	25.4	(1.0)	24.4	0.6	25.0
ICP, Health and Social Care Integration	16.0	2.2	18.2	0.0	18.2
Delivery Plan	0.0	4.9	4.9	0.0	4.9
Housing Revenue Account	0.0	1.8	1.8	(25.9)	(24.1)
Corporate Items	(274.2)	319.2	45.0	(64.5)	(19.5)
Net cost of Services	**0.0**	**332.2**	**332.2**	**(71.5)**	**260.8**
Other income and expenditure	0.0	(278.8)	(278.8)	0.0	(278.8)
Surplus or Deficit	**0.0**	**53.4**	**53.4**	**(71.4)**	**(18.0)**
Opening combined General Fund and HRA balances			**(212.3)**		
Surplus or deficit on the General Fund and HRA balances for the year (statutory basis)			(18.0)		
Adjustments between Funding and Accounting basis			71.4		
Closing combined General Fund and HRA balances			**(158.9)**		

2023/24 Re-stated	As reported to management	Adjustments to arrive at net charge to General Fund and HRA	Net expenditure chargeable to the General Fund and HRA	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£m	£m	£m	£m	£m
Chief Executive's Directorate	0.6	(0.1)	0.5	0.0	0.5
Finance and Resources	25.1	(1.5)	23.6	1.6	25.2
Children's and Adults' Services	141.4	6.1	147.5	1.0	148.5
Maintained Schools	0.0	0.8	0.8	6.9	7.7
Regeneration, Housing & Environmental Services	51.8	(10.9)	40.9	9.4	50.3
Communities and Strategy	23.8	(0.3)	23.5	0.7	24.2
ICP, Health and Social Care Integration	15.3	2.7	18.0	0.0	18.0
Delivery Plan	0.0	5.7	5.7	0.0	5.7
Housing Revenue Account	0.0	3.4	3.4	(21.4)	(18.0)
Corporate Items	(258.0)	261.8	3.8	(21.5)	(17.7)
Net cost of Services	**0.0**	**267.7**	**267.7**	**(23.3)**	**244.4**
Other income and expenditure	0.0	(246.3)	(246.3)	0.0	(246.3)
Surplus or Deficit	**0.0**	**21.4**	**21.4**	**(23.3)**	**(1.9)**
Opening combined General Fund and HRA balances			**(233.7)**		
Surplus or deficit on the General Fund and HRA balances for the year (statutory basis)			(1.9)		
Adjustments between Funding and Accounting basis			23.3		
Closing combined General Fund and HRA balances			**(212.3)**		

The adjustments between funding and accounting basis and other adjustments to arrive at the Comprehensive Income and Expenditure Statement amounts may be further analysed as follows:

2024/25	As reported to management	Transfers (to) / from Useable Reserves	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Statutory Differences	Total Statutory Adjustments	Other (Non-Statutory) Adjustments	Total Adjustments
	£m	£m	£m	£m	£m	£m	£m	£m
Chief Executive's Directorate	0.7	0.0	0.0	0.0	0.0	0.0	(0.1)	(0.1)
Finance and Resources	25.8	0.5	0.0	0.0	0.0	0.0	(3.7)	(3.7)
Children's and Adults' Services	151.0	8.1	(0.2)	0.0	0.8	0.6	0.0	0.6
Maintained Schools	0.0	4.3	0.0	0.0	7.1	7.1	0.0	7.1
Regeneration, Housing & Environmental Services	55.3	10.9	(4.6)	0.0	15.5	10.9	(14.9)	(4.0)
Communities and Strategy	25.4	2.6	(0.5)	0.0	1.1	0.6	(3.6)	(3.0)
ICP, Health and Social Care Integration	16.0	2.2	0.0	0.0	0.0	0.0	0.0	0.0
Delivery Plan	0.0	5.3	0.0	0.0	0.0	0.0	(0.4)	(0.4)
Housing Revenue Account	0.0	(2.8)	(47.3)	0.0	21.4	(25.9)	4.6	(21.3)
Corporate Items	(274.2)	22.3	(38.1)	(8.3)	(18.3)	(64.7)	296.8	232.1
Net cost of Services	**0.0**	**53.4**	**(90.7)**	**(8.3)**	**27.6**	**(71.4)**	**278.7**	**207.3**
Other income and expenditure	0.0	0.0	0.0	0.0	0.0	0.0	(278.7)	(278.7)
Surplus or Deficit	**0.0**	**53.4**	**(90.7)**	**(8.3)**	**27.6**	**(71.4)**	**0.0**	**(71.4)**

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2023/24	As reported to management	Transfers (to) / from Useable Reserves	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Statutory Differences	Total Statutory Adjustments	Other (Non-Statutory) Adjustments	Total Adjustments
	£m	£m	£m	£m	£m	£m	£m	£m
Chief Executive's Directorate	0.6	0.0	0.0	0.0	0.0	0.0	(0.1)	(0.1)
Finance and Resources	25.1	2.4	0.0	0.0	1.6	1.6	(3.9)	(2.3)
Children's and Adults' Services	141.4	6.1	0.0	0.0	1.0	1.0	0.0	1.0
Maintained Schools	0.0	0.8	0.0	0.0	6.9	6.9	0.0	6.9
Regeneration, Housing & Environmental Services	51.8	3.4	(3.7)	0.0	13.1	9.4	(14.3)	(4.9)
Communities and Strategy	23.8	2.9	0.0	0.0	0.7	0.7	(3.2)	(2.5)
ICP, Health and Social Care Integration	15.3	2.7	0.0	0.0	0.0	0.0	0.0	0.0
Delivery Plan	0.0	5.7	0.0	0.0	0.0	0.0	0.0	0.0
Housing Revenue Account	0.0	3.4	(43.2)	0.0	21.8	(21.4)	0.0	(21.4)
Corporate Items	(258.0)	(6.0)	(45.1)	(5.0)	28.6	(21.5)	267.8	246.3
Net cost of Services	**0.0**	**21.4**	**(92.0)**	**(5.0)**	**73.7**	**(23.3)**	**246.3**	**223.0**
Other income and expenditure	0.0	0.0	0.0	0.0	0.0	0.0	(246.3)	(246.3)
Surplus or Deficit	**0.0**	**21.4**	**(92.0)**	**(5.0)**	**73.7**	**(23.3)**	**0.0**	**(23.3)**

Income received on a segmental basis is analysed below:

Service Segment	Income from Services 2024/25 £m		Income from Services 2023/24 £m
Finance and Resources	(8.0)		(7.5)
Children's and Adults' Services	(16.0)		(13.9)
Maintained Schools	(9.8)		(8.5)
Regeneration, Housing & Environmental Services	(63.9)		(54.7)
Communities and Strategy	(3.5)		(3.3)
Housing Revenue Account	(110.1)		(100.3)
Corporate Items	(0.5)		(0.4)
Total Service Income	**(211.8)**		**(188.6)**

Note 6 Expenditure and Income analysed by Nature

Re-stated 2023/24		2024/25
£m		£m
(188.6)	Fees, charges and other service income	(211.8)
(12.5)	Interest and investment income	(13.1)
(169.8)	Income from local taxation	(193.7)
(519.3)	Government grants and contributions	(563.3)
294.5	Employee benefits expenses	319.3
523.9	Other service expenses	575.6
42.3	Depreciation, amortisation and impairment	33.4
17.6	Interest payments	24.4
11.9	Precepts and levies	12.7
(1.9)	Gain or loss on disposal of non-current assets	(1.5)
(1.9)	**(Surplus) or deficit for year**	**(18.0)**

Government grants and contributions are the most significant source of the income for the council and are analysed further at Note 18.

Other service expenses include the following subjective groups from the CIPFA standard classification: premises expenses, transport expenses, supplies and services, third party expenditure and transfer payments.

Note 7 Other Operating Expenditure

2023/24		2024/25
£m		£m
11.9	Levies	12.7
(1.9)	(Gains)/losses on the disposal of non-current assets	(1.5)
10.0	**Total other operating expenditure**	**11.2**

Note 8 Financing and Investment Income and Expenditure

Re-stated 2023/24		2024/25
£m		£m
16.3	Interest payable and similar charges	23.2
1.3	Pensions interest cost and expected return on pension assets	1.2
(12.5)	Interest receivable and similar income	(13.1)
(1.7)	Changes in the fair value of investment properties	(10.6)
2.8	Other investment (income) / losses	(0.3)
6.2	**Total of Financing and Investment Income and Expenditure**	**0.4**

Note 9 Taxation and Non-Specific Grant Income

2023/24		2024/25
£m		£m
(130.4)	Council tax income	(139.4)
(39.0)	Non-domestic rates	(53.9)
(49.4)	Non-ring-fenced government grants	(57.5)
(43.7)	Capital grants and contributions	(39.6)
(262.5)	**Total of Taxation and Non-Specific Grant Income**	**(290.4)**

ABOUT COUNCILLORS, EMPLOYEES AND RELATED PARTIES

Note 10 Members' Allowances

During 2024/25 £1.39m of allowances and no expenses were paid to Councillors (£1.38m of allowances and less than £1k of expenses were paid during 2023/24).

Note 11 Termination Benefits

The Authority terminated the contracts of a number of employees in 2024/25, incurring liabilities of £0.5m (£0.3m in 2023/24), and pension strain costs of £0.3m (£0.1m in 2023/24). The amounts quoted include all amounts related to the decision to terminate a contract. This will include redundancy, severance payments, payments in lieu of notice and payments in relation to untaken annual leave.

The following table sets out the position of each staff member that received an exit package in 2024/25 and amounts due in exit packages per band. Termination payments made or due to senior officers of the council during the year are included here, as well as being set out in the appropriate table of the officers' remuneration disclosures in Note 12.

2023/24				Exit package cost band			2024/25			
Voluntary redundancy	Compulsory Redundancy/ Termination	Total number of people	Total cost of packages £m	£		£	Voluntary redundancy	Compulsory Redundancy/ Termination	Total number of people	Total cost of packages £m
8	3	11	0.1	0	-	20,000	8	9	17	0.1
2	0	2	0.1	20,000	-	40,000	3	3	6	0.2
1	0	1	0.1	40,000	-	60,000	0	2	2	0.1
1	0	1	0.1	60,000	-	80,000	0	1	1	0.1
0	0	0	0	80,000	-	100,000	0	0	0	0.0
0	0	0	0	100,000	-	150,000	0	0	0	0.0
12	**3**	**15**	**0.3**		**Total**		**11**	**15**	**26**	**0.5**

Note 12 Officers' Remuneration

The remuneration paid to officers who were senior employees of the Authority during 2024/25 or 2023/24 is set out in the following tables. The remuneration figures for the senior officers who left during the year reflect amounts paid or receivable for that year.

Two senior officers left during the year – Chief Executive (Niall Bolger) left on 31 January 2025, and Executive Director of Housing, Planning and Communities (Philip Cresswell) left on 30 November 2024.

Information for 2024/25

Post holder information	Salary	Election payments	Bonus	Termination payments	Other emoluments	Total remuneration excluding pension contributions	Employer's pension contributions	Total remuneration including pension contributions
	£		£	£	£	£	£	£
Information for 2024/25								
Chief Executive – Niall Bolger - left on 31.01.2025	191,646	25,880	0	71,459	52	**289,036**	34,132	**323,168**
Interim Chief Executive - Mandy Skinner - started on 25.02.2025	19,956	0	0	0	0	**138,677**	0	**19,956**
Assistant Chief Executive - Mandy Skinner – up to 24.02.2025	178,158	5,650	0	0	0	**66,229**	37,840	**183,808**
Executive Director Children's and Adults - Steven Forbes	186,282	1,402	0	0	0	**187,684**	35,580	**223,264**
Executive Director of Finance and Resources (s151) - Jake Bacchus	182,995	4,650	0	0	0	**187,645**	34,952	**222,597**
Executive Director of Housing, Planning and Communities - Philip Cresswell - left on 30.11.2024	124,815	830	0	0	0	**125,645**	23,720	**149,365**
Director of ICP and Commissioning - Martin Waddington	151,731	0	0	0	0	**151,731**	28,981	**180,711**

Information for 2023/24

Post holder information	Salary	Election payments	Bonus	Termination payments	Other emoluments	Total remuneration excluding pension contributions	Employer's pension contributions	Total remuneration including pension contributions
	£		£	£	£	£	£	£
Information for 2023/24								
Chief Executive - Niall Bolger	209,148	0	0	0	500	**209,648**	40,056	**249,704**
Assistant Chief Executive - Mandy Skinner	181,738	0	0	0	0	**181,738**	34,712	**216,450**
Executive Director Children's and Adults - Steven Forbes	181,738	0	0	0	0	**181,738**	34,712	**216,450**
Executive Director of Finance and Resources (s151) - Jake Bacchus - started 19/02/2024	19,784	0	0	0	0	**19,784**	3,779	**23,562**
Executive Director of Finance and Resources (s151) - Clive Palfreyman - left 14/05/2023	21,984	0	0	0	0	**21,984**	4,199	**26,183**
Executive Director of Environment, Culture & Customer Services - Victoria Lawson - left 07/01/2024	126,594	0	0	0	0	**126,594**	24,179	**150,774**
Executive Director of Housing, Planning and Communities - Philip Cresswell - started 01/05/23	157,774	0	0	0	0	**157,774**	30,135	**187,909**
Director of ICP and Commissioning - Martin Waddington	139,476	0	0	0	0	**139,476**	26,640	**166,117**
Rupaben Raghwani - Interim Chief Financial Officer (s151)- started 15/05/2023 and ended on 18/02/2024	125,137	0	0	0	0	**125,137**	24,095	**149,232**
Andrew Cox - Interim Executive Director of Finance and Resources - started 15/05/2023 and ended on 18/02/2024	112,490	0	0	0	0	**112,490**	21,486	**133,976**

The number of the Authority's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were as set out in the following table. The amounts shown include the value of all remuneration received or receivable, including any termination payments. It should be noted the totals used here include election pay/fees and one-off additional payments. The senior officers set out in the previous table have been included where the total remuneration does not exceed £150,000.

2023/24	Remuneration band			2024/25
	£		£	
326	50,000	-	54,999	417
175	55,000	-	59,999	282
104	60,000	-	64,999	142
68	65,000	-	69,999	84
39	70,000	-	74,999	70
29	75,000	-	79,999	36
30	80,000	-	84,999	30
13	85,000	-	89,999	21
13	90,000	-	94,999	11
15	95,000	-	99,999	10
3	100,000	-	104,999	7
4	105,000	-	109,999	9
3	110,000	-	114,999	5
2	115,000	-	119,999	2
5	120,000	-	124,999	4
3	125,000	-	129,999	2
0	130,000	-	134,999	1
6	135,000	-	139,999	7
1	140,000	-	144,999	2
0	145,000	-	149,999	3

Note 13 Pension Schemes Accounted for as Defined Contribution Schemes

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

The Scheme is a defined benefit scheme. However, the Scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority 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 2024/25, the Authority paid £24.6m (£20.5m in 2023/24) to Teachers' Pensions in respect of teachers' retirement benefits. Employer's contribution rate for 2024/25 was 28.68% of pensionable pay. In 2023/24 the rate was 23.68%. In addition, the Authority is responsible for all pension payments relating to added years it has awarded, together with the related increases. These amounted to £1.2m in 2024/25 (£1.2m in 2023/24).

Note 14 Defined Benefit Pension Scheme

Officers working (or who have worked) for the Authority participate in two post-employment schemes:

- The Local Government Pension Scheme (the LBH Pension Fund) - this is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- The London Pension Fund Authority (LPFA) Scheme - this is a funded defined benefit scheme. No further contributions are paid into the scheme by employees. Additional amounts are paid into the scheme by the Authority to fund the deficit as calculated by the actuary.

Transactions relating to post-employment benefits.

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

2023/24			Comprehensive Income and Expenditure Statement	2024/25		
LBH Pension Fund	LPFA Pension Fund	Total		LBH Pension Fund	LPFA Pension Fund	Total
£m	£m	£m	**Cost of services:**	£m	£m	£m
20.8	0.0	20.8	Current service cost	23.5	0.0	23.5
1.3	0.0	1.3	Administration expenses	1.2	0.0	1.2
			Financing and investment income and expenditure:			
0.3	0.0	0.3	Net interest on the defined liability	(3.5)	0.0	(3.5)
22.4	**0.0**	**22.4**	**Total post employment benefit charged to the surplus or deficit on the provision of services**	**21.2**	**0.0**	**21.2**
			Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement			
64.5	0.0	64.5	Remeasurement of the net defined benefit liability / asset	(5.4)	0.1	(5.3)
86.9	**0.0**	**86.9**	**Total post employment benefit charged to the Comprehensive Income and Expenditure Statement**	**15.8**	**0.1**	**15.9**
			Movement in Reserves Statement			
(22.4)	0.0	(22.4)	Reversal of net charges made to the surplus or deficit on the provision of services for post employment benefits	(21.2)	0.0	21.2
			Actual amount charged against the general fund balance in the year for pensions			
27.4	**0.0**	**27.4**	**Employers' contributions payable to the scheme**	**29.5**	**0.0**	**29.5**

In calculating the remeasurement of the net defined benefit liability, under IRFIC14 the asset ceiling has been applied to remove £143.8m of actuarial gains on the basis that the council can not derive an economic benefit from a surplus in the remeasurement through assumed future reduced contributions to the LBH Pension Fund.

Assets and liabilities in relation to post-employment benefits

The following tables sets out a reconciliation of the movement in the present value of the scheme liabilities (defined benefit obligation) and fair value of the scheme assets over the course of the year:

2023/24				2024/25		
LBH Pension Fund	LPFA Pension Fund	Total		LBH Pension Fund	LPFA Pension Fund	Total
£m	£m	£m		£m	£m	£m
			Present value of liabilities			
1,079.9	**2.3**	**1,082.2**	**Opening balance as at 1 April**	**1,107.3**	**2.1**	**1,109.4**
22.3	0.0	22.3	Current service cost	23.1	0.0	23.2
51.6	0.1	51.7	Interest cost	53.9	0.1	53.9
(6.7)	0.0	(6.7)	Change in financial assumptions	(153.9)	(0.1)	(154.0)
(15.3)	0.0	(15.3)	Change in demographic assumptions	(2.9)	0.0	(2.9)
9.0	0.0	9.0	Experience loss/ (gain) on defined benefit obligation	(3.2)	(0.0)	(3.2)
1.6	0.0	1.6	Liabilities assumed/ (extinguished) on settlements	0.1	0.0	0.1
(43.1)	(0.3)	(43.4)	Estimated benefits paid net of transfers in	(50.8)	(0.2)	(51.1)
0.1	0.0	0.1	Past service costs including curtailments	0.3	0.0	0.3
9.1	0.0	9.1	Contributions by Scheme participants	9.8	0.0	9.8
(1.2)	0.0	(1.2)	Unfunded pension payments	(1.2)	(0.0)	(1.2)
1,107.3	**2.1**	**1,109.4**	**Closing balance as at 31 March**	**982.3**	**1.8**	**984.1**
			Fair value of scheme assets			
1,000.1	**2.1**	**1,002.2**	**Opening balance as at 1 April**	**1,097.0**	**2.0**	**1,099.0**
51.3	0.1	51.3	Interest on Assets	57.3	0.1	57.4
51.5	0.1	51.5	Return on assets less interest	(21.7)	(0.0)	(21.7)
(1.2)	0.0	(1.3)	Administration expenses	(1.2)	(0.0)	(1.2)
27.4	0.0	27.4	Contributions by employer included unfunded	29.5	0.0	29.5
9.1	0.0	9.1	Contributions by scheme participants	9.8	0.0	9.8
(44.3)	(0.3)	(44.6)	Estimated benefits paid plus unfunded net of transfers in	(52.0)	(0.3)	(52.3)
3.1	0.0	3.1	Settlement prices received/ (paid)	0.0	0.0	0.0

1,097.0	**2.0**	**1,099.0**	**Closing balance as at 31 March**	**1,118.7**	**1.8**	**1,120.5**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. The expected yield on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. The expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Under IRFIC14 the asset ceiling has been applied to remove £143.8m of actuarial gains relating to the surplus of scheme assets over scheme liabilities on the basis that the council cannot derive an economic benefit from a surplus through assumed future reduced contributions to the LBH Pension Fund.

Scheme history

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £984.1m has, after application of the asset ceiling in accordance with IFRIC14, a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £7.4m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- If there is a deficit on the local government scheme it 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.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m	£m	£m
LBH Pension Fund							
Present value of liabilities	(1,290.2)	(1,265.8)	(1,593.3)	(1,603.9)	(1,079.9)	(1,107.3)	(982.3)
Fair value of assets in the scheme	839.6	789.2	966.2	1,034.7	1,000.1	1,097.0	1,118.7
Application of Asset Ceiling under IFRIC14	-	-	-	-	-	-	(143.8)
Surplus / (deficit) in the scheme	**(450.6)**	**(476.6)**	**(627.1)**	**(569.2)**	**(79.8)**	**(10.3)**	**(7.4)**
LPFA Pension Fund							
Present value of liabilities	(3.9)	(3.3)	(3.1)	(2.8)	(2.3)	(2.1)	(1.8)
Fair value of assets in the scheme	2.8	2.2	2.1	2.2	2.1	2.0	1.8
Surplus / (deficit) in the scheme	**(1.1)**	**(1.1)**	**(1.0)**	**(0.6)**	**(0.2)**	**(0.1)**	**0.0**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and London Pension Fund Authority Scheme liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries. The latest full valuation of the LBH Pension Fund was undertaken as at 31 March 2022.

The principal assumptions used by the actuary are set out in the following table.

2023/24			2024/25	
LBH Pension Fund	LPFA Pension Fund		LBH Pension Fund	LPFA Pension Fund
		Longevity at 65 for pensioners retiring now		
20.8	21.0	Men	20.7	21.0
23.3	24.3	Women	23.3	24.4
		Longevity at 65 for future pensioners retiring in 20 years		
22.0	22.3	Men	22.0	22.3
24.7	25.8	Women	24.7	25.8
3.25%	3.60%	Rate of inflation – RPI	3.20%	3.50%
2.95%	2.95%	Rate of inflation - CPI	2.90%	2.90%
3.95%	3.95%	Rate of salary increases	3.90%	3.90%
2.95%	2.95%	Rate of pension increases	2.90%	2.90%
4.90%	4.70%	Discount rate	5.80%	5.40%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	LBH Pension Fund			LPFA Pension Fund		
	£m	£m	£m	£m	£m	£m
Adjustment to discount rate	+0.1%	0.0%	-0.1%	+0.1%	0.0%	-0.1%
Present value of total obligation	968.67	982.34	996.33	1.79	1.80	1.81
Projected service cost	17.97	18.63	19.32	0.0	0.0	0.0
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%	+0.1%	0.0%	-0.1%
Present value of total obligation	983.02	982.34	981.66	1.80	1.80	1.80
Projected service cost	18.63	18.63	18.63	0.0	0.0	0.0
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%	+0.1%	0.0%	-0.1%
Present value of total obligation	996.04	982.34	968.96	1.81	1.80	1.79
Projected service cost	19.35	18.63	17.94	0.0	0.0	0.0
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year	+1 Year	None	-1 Year
Present value of total obligation	1,020.14	982.34	946.14	2.06	1.80	1.58
Projected service cost	19.34	18.63	17.95	0.0	0.0	0.0

The Local Government Pension Scheme and London Pension Fund Authority Scheme assets consist of the following categories, by proportion of the total assets held:

2023/24			2024/25	
LBH Pension Fund	LPFA Pension Fund		LBH Pension Fund	LPFA Pension Fund
%	%		%	%
62	61	Equities	65	59
5	n/a	Gilts	4	n/a
n/a	n/a	Other Bonds	n/a	n/a
2	11	Infrastructure	2	12
n/a	n/a	Commodities	n/a	n/a
4	9	Property	4	9
4	2	Cash	2	2
23	17	Target return portfolio	23	18
n/a	n/a	Cash flow matching	n/a	n/a
100	**100**	**Total**	**100**	**100**

Note 15 Related Parties

The Authority 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 the council. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's power to bargain freely with the Authority. All councillors and officers on the Corporate Leadership Team are required to make at least annual declarations regarding related party transactions.

Central Government

Central government has effective control over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 18.

Members

Members of the council have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2024/25 and 2023/24 are shown in Note 10.

Officers

The Executive Director, Environment, Culture and Customer Services sat on the Executive Board for London Funders, is also Chief Technical Officer at West London Waste Authority (remunerated), Chair of West London Environment Directors Network (part of London Councils), and was also a director of Gunnersbury CIC.

Voluntary Organisations and Charities

Grants paid to voluntary organisations amounted to £1.8m in 2024/25 (£1.9m in 2023/24). Commissioned services are subject to the council's procurement procedures and the payments made as part of individual contracts for specific services.

- Chiswick House and Gardens Trust received grants of £1.2m in 2024/25 (£417k in 2023/24). London Borough of Hounslow received £180 of licensing income from them in 2024/25 (£180 in 2023/24). Councillor Amy Croft and Councillor John Todd are trustees of the Chiswick House and Gardens Trust.
- Hounslow Art Trust Ltd received grants of £285.9k in 2024/25 (£215k in 2023/24), and other payments of £178.7k in 2024/25 (£52k in 2023/24). The authority received £70 of licensing income from them in 2024/25 (£823 in 2023/24).
- Hounslow Community Foodbox received no grants in 2024/25 (£40k in 2023/24). Councillor Corinna Smart was chair of Hounslow Community Foodbox until 27 October 2024, Councillor Guy Lambert is a trustee and Councillor Unsa Chaudri became a trustee on 11 June 2024.

In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of all these relationships are recorded in the Register of Members' Interest, open to public inspection at Hounslow House, 7 Bath Road, Hounslow, TW3 3EB, during office hours.

Other Public Bodies

- The Council is an administering authority for the Pension Fund of the London Borough of Hounslow. The Authority charged £748.8k in 2024/25 for administrative services provided to the Pension Fund (£791.5k in 2023/24).
  As at 31 March 2025 the Authority owed nil to the Pension Fund (at 31 March 2024 the Authority owed £3.1m to the Pension Fund).
- London Councils received payments of £1.1m in 2024/25 (£273k in 2023/24), and the authority received £300k of income in 2024/25 (£120k in 2023/24).
  Councillor Shantanu Rajawat is a member of The Leader's Committee, executive member for health on the Executive Committee, and a member of the Greater London Employment Forum at London Councils.
  Councillor Katherine Dunne is a member of the London Council's Transport and Environment Committee at London Councils.
  Councillor Ajmer Grewal is a member of the Grants Committee at London Councils.

- The Authority is one of the six London boroughs which fund the net cost of the West London Waste Authority (WLWA), which is responsible for waste disposal. The WLWA is governed by six councillors, one from each borough. Councillor Shivraj Grewal is currently the Authority's representative on the WLWA. The Authority made payments of £11.9m in 2024/25 (£10.6m in 2023/24). The Authority also received income of £23k from WLWA during 2024/25 (£23k in 2023/24).

Entities Controlled or Significantly Influenced by the Authority
The Council also owns Lampton 360 and has joint ownership of Lampton Development 360 LLP. Lampton 360 is the holding company of Coalo, Recycle 360, Investment 360, Greenspace360, and Lampton Leisure Ltd. The consolidated accounts have been incorporated into the financial results of these entities. Coalo has been incorporated into Lampton 360 group as of 1st April 2021.
The London Borough of Hounslow is the sole shareholder in Lampton 360 Limited. The Directors, who hold the posts during the year include:

- Gillian Bishop (appointed 21 May 2020)
- Simone Chinman (appointed 23 October 2024)
- Robert Overall (appointed 1 April 2021)
- Martin Cresswell (appointed 1 October 2021, resigned 30 September 2024)

The Council also has significant influence over the following bodies which are not deemed material enough to be included within the Group Accounts:

- Bedfont Lakes Trust. The Council provides grounds maintenance and upkeep to the trust for a fee via the Council's subsidiary Greenspace 360.
  The fee for 2024/25 was £218k (2023/24 £218k). In addition, the Council has received an administration fee of £6.5k (2023/24 £6.5k).
  Councillor Farah Kamran, Councillor Raghwinder Siddhu, Councillor Adesh Farmahan and Councillor Bishnu Gurung are trustees for Bedfont Lakes Trust.

- Gunnersbury Estate (2026) Community Interest Company. Contributions of £309.9k were made to the running of the CIC in 2024/25, (£329.8k in 2023/24).
  London Borough of Hounslow received £4.4k in licensing income from Gunnersbury CIC in 2024/25 (£4.4k in 2023/24).

Note 16 Pooled Budgets

The Council has entered into a Pooled Budget arrangement with North-West London Integrated Care Board (NWL ICB). The Better Care Fund (BCF) provides a mechanism for joint health, housing and social care planning and commissioning. It brings together ring-fenced budgets from ICB allocations, and funding paid directly to local government, including the Disabled Facilities Grant (DFG) and the improved Better Care Fund (iBCF). Funding contributions from the Council and ICB for the Joint Commissioning Team and Safeguarding Boards have also been included in the Pooled Funding arrangement. Since 2022-23, the Department of Health and Social Care (DHSC) has also included additional Discharge Funding into the Pooled budget agreement. This funding is to help systems best enable the discharge of patients from hospital to the most appropriate location for their ongoing care, with emphasis on discharge support. Joint arrangements of this type are permitted under section 75 of the National Health Service Act 2006.

The national conditions for the BCF for 2023-2025 are:

- a jointly agreed plan between local health and social care commissioners, signed off by the Health and Wellbeing Board (HWB)
- implementing BCF policy objective 1: enabling people to stay well, safe and independent at home for longer
- implementing BCF policy objective 2: providing the right care, at the right place, at the right time

- maintaining the NHS's contribution to adult social care (in line with the uplift to the NHS minimum contribution to the BCF), and investment in NHS commissioned out of hospital services

The continuation of the national conditions and requirements of the BCF for 2024-25 allows health and care partners to build on their plans to embed joint working and integration. This includes how to work collaboratively to bring together funding streams to maximise the impact on outcomes for communities and sustaining vital community provision. The national metrics for the fund set by the government in the Policy Framework are:

- Avoidable admissions
- Discharge to normal place of residence
- Falls
- Residential admissions
- Reablement

The Better Care Fund provides various services to Hounslow's residents. The services being provided by the Council or the ICB are dependent on the mix required by clients. The areas covered include:

- Community rehabilitation service
- Re-ablement services
- Hospital social work team
- Community Equipment

The Council and the ICB have an agreement in place for funding these services that runs annually.

2023/24	Better care fund	2024/25
£m		£m
(11.0)	Authority funding from Minimum ICB contribution	(11.6)
(10.9)	Partner funding from Minimum ICB contribution	(11.2)
(8.2)	Authority funding from Improved Better Care Fund (iBCF)	(8.2)
(3.3)	Authority funding from Disabled Facilities Grant (DFG)	(3.3)
(1.1)	Authority Contribution for Joint Commissioning Team	(1.0)
(3.0)	Partner Contribution for Joint Commissioning Team	(3.0)
(0.0)	Partner Contribution for Safeguarding	(1.9)
(2.6)	Adult Social Care Discharge Funding	(2.9)
(40.1)	**Total pooled funding**	**(43.2)**
26.2	Authority expenditure	26.0
13.9	Partner expenditure	17.2
40.0	**Expenditure**	**43.2**
0.0	**Net (surplus) / deficit on the pooled budget**	**0.0**
0.0	Authority share of the net (surplus) / deficit	0.0

Note 17 External Audit Costs

The Authority's external auditors for 2024/25 are Mazars LLP. The Authority has incurred the following expenditure for services provided by the external auditors for the relevant year:

- £421k in relation to the audit of the Statement of Accounts for 2024/25 (£383k for 2023/24);
- Nil in relation to certification of grant claims and returns for 2024/25 (£31k for 2023/24);
- Nil in relation to non-audit services provided in 2024/25 (nil for 2023/24).

ABOUT THE AUTHORITY'S GRANT INCOME

Note 18 Grant Income

In 2024/25 the Authority credited grants, contributions and donations to the comprehensive income and expenditure account as follows:

Grant income credited to taxation and non-specific grant income and expenditure

2023/24		2024/25
£m		£m
(11.4)	Revenue support grant	(12.2)
(2.1)	New homes bonus	(2.7)
(4.4)	Other revenue grants and contributions	(4.0)
(14.1)	Section 31 business rates retention Grant	(18.0)
(2.0)	Services grant	(0.3)
(15.4)	Social care grant	(20.3)
(3.0)	s106 developer contributions towards capital expenditure	0.0
(1.5)	Community Infrastructure Levy	(2.1)
(39.3)	Other capital grants	(37.7)
(93.2)	**Total grants and contributions**	**(97.3)**

Grant income credited to net cost of services

2023/24		2024/25
£m		£m
(216.9)	Dedicated schools grant (DSG)	(223.8)
(7.6)	Pupil premium grant	(8.9)
(77.1)	Housing benefit subsidy	(81.1)
0.0	Council tax rebate grant	0.0
(13.2)	Private finance initiative (PFI) grant	(13.2)
(17.3)	Public health grant	(18.2)
(11.0)	Better care fund	(11.6)
(8.2)	Improved Better Care Fund	(8.2)
(4.6)	UASC grant	(5.9)
(12.6)	Other Dept for Education Grants	(16.4)
(31.6)	Other Government grants	(36.5)
(6.9)	Contributions to jointly funded placements	(9.0)
(2.2)	Free nursing care	(2.9)
(19.4)	Other grants and contributions	(62.9)
(428.6)	**Total grants and contributions**	**(498.6)**

Where the Council is acting as a distribution point of grant money and has no control over how much or to whom the grant is allocated the Council is acting as an agent rather than as a principal and the grant income and associated distributions are not reported in the financial statements. For 2024/25 this amounted to nil (for 2023/24 it was nil).

The authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

31 March 2024		31 March 2025
£m		£m
	Grants Receipts in Advance (Capital Grants)	
(26.2)	Section 106 Contributions	(26.6)
(5.0)	Section 38 and 278 Contributions	(5.4)
(3.3)	Greater London Authority housing capital grant	(13.6)
(8.4)	Other grants and contributions	(0.0)
(42.9)	**Total Long-Term Grants Receipts in Advance**	**(45.6)**
	Grants Receipts in Advance (Revenue Grants)	
(1.7)	Adult and Community Learning from the Education and Skills Funding Agency	(1.0)
(1.3)	Dedicated Schools Grant	0.1
(1.8)	Other grants and contributions	(1.3)
(4.8)	**Total Short-Term Grants Receipts in Advance**	**(2.2)**

Note 19 Dedicated Schools Grant

The Authority's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018. The Schools budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

2023/24				2024/25		
Central expenditure	ISB	Total		Central expenditure	ISB	Total
£m	£m	£m		£m	£m	£m
		329.4	Final DSG for 2024/25			350.2
		120.3	Academy and High Needs Recoupment 2024/25			128.7
		209.1	Total DSG after Recoup			221.6
		7.3	Plus: DSG brought forward from 2023/24			7.1
		(7.3)	Less: carry forward of DSG to 2025/26 agreed in advance			(7.1)
34.2	174.9	**209.1**	Agreed Initial budgeted distribution in 2024/25	36.0	185.6	**221.6**
3.7	0.3	4.0	In Year Adjustments	1.7	0.6	2.3
37.9	175.2	**213.1**	Final budget distribution for 2024/25	37.7	186.2	**223.9**
39.7	0.0	39.7	Less: actual central expenditure	40.8	0.0	40.8
0.0	175.2	175.2	Less: actual ISB deployed to schools	0.0	186.2	186.2
1.7	0.0	1.7	Plus: local authority contribution for 2024/25	2.0	0.0	2.0
(0.2)	0.0	**(0.2)**	In year carry forward to 2025/26	(1.1)	0.0	**(1.1)**
		7.3	Plus: Carry-forward to 2025/26 agreed in advance			7.1
		7.1	Carry-forward to 2025/26			6.0
		(18.3)	DSG unusable reserve at the end of 2023/24			(18.3)
		(18.3)	Total of DSG unusable reserve at the end of 2024/25			(18.3)
		(11.2)	**Net DSG position at the end of 2024/25**			**(12.3)**

The Government's intention is that DSG deficits should not be covered from general funds. The negative reserve is the cumulative DSG overspend as at the end of 2024/25 i.e. a cumulative deficit of £12.3m. The local authority must carry forward the whole of the overspend to future years. This deficit is to be recovered through future DSG funding and/or explicit recovery plans in agreement with the EFSA.

ABOUT THE MOVEMENT IN RESERVES STATEMENT

Note 20 Adjustments between Accounting Basis and Funding Basis under Regulations

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves
	2024/25					
	£m	£m	£m	£m	£m	£m
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:	0.0	0.0	0.0	0.0	0.0	0.0
Pension cost (transferred to (or from) the Pensions Reserve)	8.2	0.0	0.0	0.0	0.0	(8.2)
Financial Instruments (transferred to Financial Instruments Adjustments Account)	0.2	0.0	0.0	0.0	0.0	(0.2)
Council tax and NDR (transfers to or from the Collection Fund)	15.3	0.0	0.0	0.0	0.0	(15.3)
Holiday pay (transferred to the Accumulated Absences reserve)	(0.8)	0.0	0.0	0.0	0.0	0.8
Change in Market Value of Pooled Investments (transferred to the Pooled Investment Funds Adjustment Account)	4.5	0.0	0.0	0.0	0.0	(4.5)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(25.3)	(21.4)	0.0	0.0	0.0	46.7
Total Adjustments to Revenue Resources	**2.1**	**(21.4)**	**0.0**	**0.0**	**0.0**	**19.3**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0.0	0.0	11.7	0.0	0.0.	(11.7)
Use of the Major Repairs Reserve to finance new capital expenditure	0.0	0.0	0.0	16.3	0.0	(16.3)
Application of capital grants to finance capital expenditure	17.2	20.3	0.0	0.0	(2.6)	(34.9)
Total Adjustments to Capital Resources	**17.2**	**20.3**	**11.7**	**16.3**	**(2.6)**	**(62.9)**

	2024/25					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves
	£m	£m	£m	£m	£m	£m
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1.6	11.4	(13.0)	0.0	0.0	0.0
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	0.0	15.5	0.0	(15.5)	0.0	0.0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	12.3	0.0	0.0	0.0	0.0	(12.3)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	12.3	0.1	0.0	0.0	0.0	(12.4)
Total Adjustments between Revenue and Capital Resources	**25.4**	**27.0**	**(13.0)**	**(15.5)**	**(0.0)**	**(23.9)**
Total Adjustments to Revenue Resources	2.1	(21.4)	0.0	0.0	0.0	19.3
Total Adjustments between Revenue and Capital Resources	26.2	27.0	(13.0)	(15.5)	0.0	(24.7)
Total Adjustments to Capital Resources	17.2	20.3	11.7	16.3	(2.6)	(62.9)
Total Adjustments	**45.5**	**25.9**	**(1.3)**	**0.8**	**(2.6)**	**(68.3)**

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves
	2023/24					
	£m	£m	£m	£m	£m	£m
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:	0.0	0.0	0.0	0.0	0.0	0.0
Pension cost (transferred to (or from) the Pensions Reserve)	5.0	0.0	0.0	0.0	0.0	(5.0)
Financial Instruments (transferred to Financial Instruments Adjustments Account)	0.2	0.0	0.0	0.0	0.0	(0.2)
Council tax and NDR (transfers to or from the Collection Fund)	(20.2)	0.0	0.0	0.0	0.0	20.2
Holiday pay (transferred to the Accumulated Absences reserve)	0.0	0.0	0.0	0.0	0.0	0.0
Change in Market Value of Pooled Investments (transferred to the Pooled Investment Funds Adjustment Account)	0.7	0.0	0.0	0.0	0.0	(0.7)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(32.6)	(21.8)	0.0	0.0	0.0	54.4
Total Adjustments to Revenue Resources	**(46.9)**	**(21.8)**	**0.0**	**0.0**	**0.0**	**68.7**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0.0	0.0	23.4	0.0	0.0	(23.4)
Use of the Major Repairs Reserve to finance new capital expenditure	0.0	0.0	0.0	16.4	0.0	(16.4)
Application of capital grants to finance capital expenditure	27.7	14.5	0.0	0.0	(10.1)	(32.1)
Total Adjustments to Capital Resources	**27.7**	**14.5**	**23.4**	**16.4**	**(10.1)**	**(71.9)**

	2023/24					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves
	£m	£m	£m	£m	£m	£m
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1.0	12.3	(13.3)	0.0	0.0	0.0
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	0.0	16.4	0.0	(16.4)	0.0	0.0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	11.0	0.0	0.0	0.0	0.0	(11.0)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	9.1	0.0	0.0	0.0	0.0	(9.1)
Total Adjustments between Revenue and Capital Resources	**21.1**	**28.7**	**(13.3)**	**(16.4)**	**0.0**	**(20.1)**
Total Adjustments to Revenue Resources	(46.9)	(21.8)	0.0	0.0	0.0	68.7
Total Adjustments between Revenue and Capital Resources	21.1	28.7	(13.3)	(16.4)	0.0	(20.1)
Total Adjustments to Capital Resources	27.7	14.5	23.4	16.4	(10.1)	(71.9)
Total Adjustments	**1.9**	**21.4**	**10.1**	**0.0**	**(10.1)**	**(23.3)**

Note 21 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans, manage risks and smooth out fluctuations in resources, and the amounts drawn from earmarked reserves to meet General Fund expenditure. The main groups of General Fund earmarked reserves are:

- Strategic Investment Reserves - held and available to support delivery of the Corporate Plan priorities and projects and programmes within the council's Delivery Plan
- Risk Reserves - held to mitigate potential risks including volatility in business rates income, demand-led budget pressures and one-off risks such as future insurance losses
- Operational Reserves - held to meet future operational requirements such as renewal of corporate infrastructure e.g. ICT, vehicles and building management. This group of reserves also includes Community Infrastructure Levy receipts not yet allocated or spent, profiling of cash flows on the Highways PFI contract and unspent Government grants
- Ringfenced Reserves - held to separately contain amounts applicable to ringfenced funds, such as schools delegated balances and unspent Public Health grant, that can not be used for any other purposes

		Balance at 1 Apr 2023	2023/24		Balance at 31 Mar 2024	2024/25		Balance at 31 Mar 2025
			Transfers out	Transfers in		Transfers out	Transfers in	
		£m	£m	£m	£m	£m	£m	£m
	General Balances	(13.2)	0.0	(0.6)	(13.8)	0.0.	(4.2)	(18.0)
Total General Balances		**(13.2)**	**0.0**	**(0.6)**	**(13.8)**	**0.0**	**(4.2)**	**(18.0)**
	Strategic Investment Reserves	(32.7)	23.5	(15.5)	(24.4)	12.7	(2.0)	(13.7)
	Risk Reserves	(57.8)	10.8	(9.9)	(56.9)	23.1	(8.5)	(42.3)
	Operational Reserves	(89.0)	14.2	(8.0)	(83.3)	33.6	(4.9)	(54.6)
	Ringfenced Reserves	(22.6)	4.4	(0.9)	(18.9)	7.8	(1.4)	(12.5)
	Other reserves							
Total General Fund Earmarked Reserves		**(202.1)**	**52.9**	**(34.3)**	**(183.5)**	**77.2**	**(16.8)**	**(123.1)**
HRA Earmarked reserves		**(11.4)**	**1.1**	**(1.1)**	**(11.4)**	**0.6**	**(2.3)**	**(13.1)**
Total Earmarked Reserves		**(213.5)**	**54.0**	**(35.4)**	**(194.9)**	**77.7**	**(19.0)**	**(136.2)**

About the Value of the Authority's Reserves on the Balance Sheet

Note 22 Usable Reserves

Movements in the Authority's usable reserves are set out in the Movement in Reserves Statement and detailed in Note 21.

Note 23 Unusable Reserves

The following table sets out the Authority's unusable reserves.

31 Mar 2024		31 Mar 2025
£m		£m
(1,026.8)	Revaluation reserve	(978.2)
(1,395.1)	Capital adjustment account	(1,435.9)
5.6	Financial instruments adjustment account and revaluation reserve	5.4
(2.7)	Deferred capital receipts reserve	(2.7)
10.5	Pensions reserve	7.6
8.0	Collection fund adjustment account	(7.3)
18.3	Dedicated Schools Grant adjustment account	18.3
6.1	Accumulated absences account	6.9
2.7	Pooled investment funds adjustment account	(1.8)
(2,373.4)	**Total of unusable reserves as at 31 March**	**(2,387.8)**

Revaluation Reserve

31 Mar 2024	Revaluation reserve	31 Mar 2025
£m		**£m**
(1,073.9)	Opening balance	(1,026.8)
47.1	Revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	48.6
47.1	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	48.6
(1,026.8)	**Total as at 31 March**	**(978.2)**

The Revaluation Reserve contains the gains and losses made by the Authority arising from changes in the value of its Property, Plant and Equipment.

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

31 Mar 2024	Capital adjustment account	31 Mar 2025
£m		£m
(1,357.5)	Opening balance	(1,395.2)
40.4	Charges for depreciation and impairment of non-current assets	41.1
4.2	Revenue expenditure funded from capital under statute	4.7
11.5	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	11.5
56.1	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	57.3
(23.4)	Use of Capital Receipts Reserve to finance new capital expenditure	(11.6)
(16.4)	Use of Major Repairs Reserve to finance new capital expenditure	(16.3)
(32.1)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(34.8)
(11.0)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(12.3)
(9.1)	Capital expenditure charged against the General Fund and HRA balances	(12.4)
(92.0)	Capital financing applied in year	(87.4)
(1.7)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(10.6)
(1,395.2)	**Total as at 31 March**	**(1,435.9)**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

A Financial Instruments Revaluation Reserve has been created to contain the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are revalued downwards, impaired or disposed of.

31 Mar 2024			31 Mar 2025	
Financial Instruments Adjustment Account	**Financial Instruments Revaluation Reserve**	**Financial instruments reserves**	**Financial Instruments Adjustment Account**	**Financial Instruments Revaluation Reserve**
£m	**£m**		**£m**	**£m**
5.8	0.0	Opening balance	5.6	0.0
0.0	0.0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0.0	0.0
(0.2)	0.0	Premiums incurred in previous years charged to the General Fund in accordance with statutory requirements	(0.2)	0.0
5.6	**0.0**	**Total**	**5.4**	**0.0**

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority 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. However, statutory arrangements require benefits earned to be financed as the Authority makes 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 shortfall in the benefits earned by past and current employees and the resources the Authority 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.

31 Mar 2024	Pension reserve	31 Mar 2025
£m		**£m**
80.0	Opening balance	10.5
(64.5)	Remeasurements of the net defined benefit (liability)/asset	5.4
22.4	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	21.2
(27.4)	Employer's pensions contributions and direct payments to pensioners payable in the year	(29.5)
10.5	**Total as at 31 March**	**7.6**

Under IRFIC14 the asset ceiling has been applied to remove £143.8m of actuarial gains relating to the surplus of scheme assets over scheme liabilities on the basis that the council can not derive an economic benefit from a surplus through assumed future reduced contributions to the LBH Pension Fund.

Deferred Capital Receipts Reserve

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

31 Mar 2024	Deferred Capital receipts	31 Mar 2025
£m		**£m**
(2.7)	Opening balance	(2.7)
(2.7)	**Total as at 31 March**	**(2.7)**

Collection Fund Adjustment Account

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

31 Mar 2024	Collection fund adjustment account	31 Mar 2025
£m		£m
(12.2)	Opening balance	8.0
20.2	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(15.3)
8.0	**Total as at 31 March**	**(7.3)**

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant (DSG) is a grant is a grant ring fenced to financing the schools budget. Where schools budget expenditure exceeds the available funding provided by the DSG the deficit needs to be held in the DSG adjustment account to keep it separate from the general fund.

31 Mar 2024	Dedicated Schools Grant adjustment account	31 Mar 2025
£m		£m
18.3	Opening balance	18.3
0.0	Deficit on 2023/24 Dedicated Schools Grant budget	0.0.
0.0	Deficit on 2024/25 Dedicated Schools Grant budget	0.0
18.3	**Total as at 31 March**	**18.3**

Accumulated Absences Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

31 Mar 2024	Accumulated absences account	31 Mar 2025
£m		£m
6.1	Opening balance	6.1
0.0	Settlement or cancellation of accrual made at the end of preceding year	0.0
0.0	Amounts accrued at the end of the current year	0.8.
6.1	**Total as at 31 March**	**6.9**

Pooled Investment Funds Adjustment Account

The recognition of fair value gains and losses of pooled investment funds is affected by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018, which override the requirement of IFRS9 to charge these gains and losses to the Comprehensive Income and Expenditure Statement, so that they are reversed through transfers to or from the Pooled Investment Funds Adjustment Account.

31 Mar 2024	Pooled investment funds adjustment account	31 Mar 2025
£m		**£m**
3.4	Opening balance	2.7
0.0	Settlement or realisation of accumulated gains / (losses) on disposal	(3.9)
(0.7)	Revaluation of investments	(0.6)
2.7	**Total as at 31 March**	**(1.8)**

ABOUT THE AUTHORITY'S NON-CURRENT ASSETS

Note 24 Leases

Authority as lessee:

Finance leases - IFRS16

The CIPFA Code requires Local Authorities to implement the new accounting standard from 1st April 2024, IFRS 16. Its main impact is to remove for lessees the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions with the asset on the balance sheet, together with a liability to pay for the asset acquired. Details of the finance lease for the London Borough of Hounslow are set in the disclosures below.

The PFI contract, the Council's most material finance lease, is presented separately with details set out in Note 30.

The Code only requires disclosure of the depreciation charge, additions and the carrying amount at the end of the reporting period.

Value of right-of-use assets held under finance leases

	Land and buildings	Vehicles, plant and equipment	Total
	£000s	£000s	£000s
Balance at 1 April 2024			
Additions	6,389.3	10.5	6,399.8
Depreciation and amortisation	(882.5)	(4.5)	(887.0)
At 31 Mar 2025	**5,506.8**	**6.0**	**5,512.8**

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

	2024/25
	£000s
Comprehensive income and expenditure statement	
Interest expense on lease liabilities	291.9
Cash flow statement	
Total cash outflow for leases	**291.9**

Maturity analysis of lease liabilities

The analysis is to be based on the undiscounted liabilities (ie the expected cash flows) and will not thus match the discounted liabilities included in the balance sheet.

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

	Balance at 31 Mar 2025
	£000s
Less than one year	1,068.8
One to five years	3,947.3
More than five years	3,214.3
Total undiscounted liabilities	**8,230.5**

The authority experienced the following changes in the carrying amount of its net investment in finance leases during the year:

	Balance at 31 Mar 2025
	£000s
Net investment at 1 April	
New leases entered into	1,246.4
Payments by lessees	183.3
Net investment at 31 March	**1,429.7**

Authority as lessor:

Operating Leases

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

- To assist in the provision of community services, such as community centres, scout huts, community shops, and office space for some voluntary sector bodies
- To assist in economic development through the provision of suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are as follows (based on current rents at 31 March 2025 and do not include any assumptions for future rent changes):

31 Mar 2024		31 Mar 2025
£m		£m
6.7	Not later than one year	7.3
22.9	Later than one year and not later than five years	22.9
31.9	Later than five years	37.4
61.5		**67.6**

The Council's most significant operating lease relates to the Southall Lane Waste Depot, which has been leased to Lampton Recycle 360Ltd, a subsidiary of the Authority. The future minimum lease payments in respect of this lease total £26.8m over the period to 24 April 2043. Lampton Greenspace 360 Ltd, another subsidiary of the Authority, has leased a unit at the Western International Market with minimum lease repayments of £4.8m over the same period.

Note 25 Property, Plant and Equipment

Movements to 31 March 2025	Council dwellings	Other land and buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Property, Plant and Equipment (Excluding Infrastructure Assets)
	£m	£m	£m	£m	£m	£m	£m
Cost or Valuation							
At 1 Apr 2024	1,134.5	1,426.5	55.7	21.5	3.4	208.9	**2,850.5**
9Additions	35.7	15.7	3.7	4.2	0.0	50.0	109.2
Accumulated Depreciation Written Out to Gross Carrying Amount	(15.6)	0.0	0.0	0.0	0.0	0.0	(15.6)
Revaluation increases/(decreases) recognised in Revaluation Reserve	(139.2)	90.1	0.0	0.5	0.0	0.0	(48.6)
Derecognition – disposals	(5.9)	(5.6)	0.0	0.0	0.0	0.0	(11.5)
Reclassifications	113.4	0.0	0.0	0.0	0.0	(113.4)	0.0
At 31 Mar 2025	**1,122.9**	**1,526.7**	**59.4**	**26.2**	**3.4**	**145.5**	**2,884.1**
Accumulated Depreciation and Impairment							
At 1 Apr 2024	(15.6)	(17.2)	(34.0)	(0.1)	0.0	0.0	(66.9)
Depreciation charge	(14.7)	(11.9)	(3.9)	0.0	0.0	0.0	(29.6)
Accumulated Depreciation Written Out to Gross Carrying Amount	15.6	0.0	0.0	0.0	0.0	0.0	15.6
At 31 Mar 2025	**(14.7)**	**(29.1)**	**(37.9)**	**(0.1)**	**0.0**	**0.0**	**(81.8)**
Net Book Value at 31 Mar 2025	**1,108.2**	**1,497.6**	**21.5**	**26.1**	**3.4**	**145.5**	**2,802.4**
Net Book Value at 31 Mar 2024	**1,118.9**	**1,409.3**	**21.7**	**21.4**	**3.4**	**208.9**	**2,783.7**

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

Movement to 31 March 2025	Property, Plant and Equipment (excluding Infrastructure Assets)	Infrastructure Assets	Total Property, Plant and Equipment
	£m	£m	£m
Net Book Value at 1 April 2024	2,783.7	202.9	2,986.6
Additions	109.3	9.3	118.6
Restatement	0.0	0.0	0.0
Accumulated Depreciation Written Out to Gross Carrying Amount	(15.6)	0.0	(15.6)
Revaluation increases/(decreases) recognised in Revaluation Reserve	(48.6)	0.0	(48.6)
Derecognition - disposals	(11.5)	0.0	(11.5)
Depreciation charge	(30.5)	(10.6)	(41.1)
Accumulated Depreciation Written Out to Gross Carrying Amount	15.6	0.0	15.6
Net Book Value at 31 Mar 2025	**2,802.4**	**201.6**	**3,004.0**

Movements to 31 March 2024	Council dwellings	Other land and buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Property, Plant and Equipment (Excluding Infrastructure Assets)
	£m	£m	£m	£m	£m	£m	£m
Cost or Valuation							
At 1 Apr 2023	1,202.2	1,332.9	52.9	19.4	3.4	176.6	**2,787.4**
Additions	46.6	9.5	2.8	2.0	0.0	84.1	**145.0**
Accumulated Depreciation Written Out to Gross Carrying Amount	(14.1)	(9.3)	0.0	0.0	0.0	0.0	**(23.4)**
Revaluation increases/(decreases) recognised in Revaluation Reserve	(146.6)	99.5	0.0	0.1	0.0	0.0	**(47.0)**
Derecognition - disposals	(5.4)	(6.1)	0.0	0.0	0.0	0.0	**(11.5)**
Reclassifications	51.8	0.0	0.0	0.0	0.0	(51.8)	**0.0**
At 31 Mar 2024	**1,134.5**	**1,426.5**	**55.7**	**21.5**	**3.4**	**208.9**	**2,850.5**
Accumulated Depreciation and Impairment							
At 1 Apr 2023	**(14.1)**	**(15.6)**	**(30.5)**	**(0.1)**	**0.0**	**0.0**	**(60.3)**
Depreciation charge	(15.6)	(10.7)	(3.5)	0.0	0.0	0.0	**(29.8)**
Accumulated Depreciation Written Out to Gross Carrying Amount	14.1	9.3	0.0	0.0	0.0	0.0	**23.4**
At 31 Mar 2024	**(15.6)**	**(17.0)**	**(34.0)**	**(0.1)**	**0.0**	**0.0**	**(66.7)**
Net Book Value at 31 Mar 2024	**1,118.9**	**1,409.5**	**21.7**	**21.4**	**3.4**	**208.9**	**2,783.8**
Net Book Value at 31 Mar 2023	**1,188.1**	**1,317.3**	**22.4**	**19.3**	**3.4**	**176.6**	**2,727.1**

Movements to 31 March 2024	Property, Plant and Equipment (excluding Infrastructure Assets)	Infrastructure Assets	Total Property, Plant and Equipment
	£m	£m	£m
Net Book Value at 1 April 2023	**2,727.1**	**202.6**	**2,929.7**
Additions	145.0	10.4	**155.4**
Accumulated Depreciation Written Out to Gross Carrying Amount	(23.4)	0.0	**(23.4)**
Revaluation increases/(decreases) recognised in Revaluation Reserve	(47.0)	0.0	**(47.0)**
Derecognition - disposals	(11.5)	0.0	**(11.5)**
Depreciation charge	(29.8)	(10.1)	**(39.9)**
Accumulated Depreciation / Impairment	23.4	0.0	**23.4**
Net Book Value at 31 Mar 2024	**2,783.8**	**202.9**	**2,986.7**

Property, Plant and Equipment Revaluations

Revaluations for each class of property plant and equipment are undertaken using one of the following three processes:

- A quinquennial revaluation supplemented by annual indexation in intervening years
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening years
- For non-property assets only, appropriate indices

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. The Council's dwelling stock is subject to an annual revaluation undertaken by professional external valuers, Wilks Head and Eve.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Total
	£m	£m	£m	£m	£m
Carried at historical cost			59.4		59.4
Valued at current value as at:					
31 March 2025	1,122.9	409.2		0.0	1,532.1
31 March 2024		280.4		0.0	280.4
31 March 2023		219.8		0.4	220.2
31 March 2022		426.4		1.3	427.7
31 March 2021		184.5		1.7	186.2
Total cost or valuation	**1,122.9**	**1,520.3**	**59.4**	**3.4**	**2,706.0**

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The value of Council dwellings has been adjusted annually and takes into account an adjustment factor to reflect the lower value of social housing. This adjustment factor is per the guidance issued by the Department for Levelling Up, Housing and Communities.

De-recogntion of Infrastructure Assets

The authority has determined that in accordance with Regulation 30M 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.

Capital Commitments

Capital commitments as at 31 March 2025 totalled £12m, of this £9.5m relates to Housing and £2.5m to other non-schools' projects. Commitments as at 31 March 2024 totalled £35.2m (£32.0m relates to Housing, £2.6m to other non-schools' projects and £0.6m relates to schools).

Note 26 Investment Properties

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

2023/24		2024/25
£m		**£m**
77.2	Balance at start of year	78.9
0.0	Additions: subsequent expenditure	0.0
1.7	Net gains / (losses) from fair value adjustments	10.6
0.0	Transfer from / (to) Land and Buildings	0.0
78.9		**89.5**

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement. Rental income from investment properties for 2024/25 was £3.5m (2023/24 £3.4m). Investment properties are revalued according to market conditions at year-end by professional external valuers.

Note 27 Heritage Assets

The following table summarises the Heritage asset movements for 2024/25.

2023/24		2024/25
£m		**£m**
21.6	Balance at start of year	22.0
0.4	Additions: subsequent expenditure	0.1
22.0	**Total expenditure**	**22.1**

The Authority has several heritage buildings and/or grounds which have local and national cultural value and have been included in the balance sheet at cost:

- Hogarth House
- Gunnersbury Museum – This is jointly owned with the London Borough of Ealing
- Chiswick House Grounds
- Boston Manor House

Other items:

The Hogarth-Kirby Letter which is on display at Hogarth House, and which is of national significance. In addition, there is the Gunnersbury House Museum Collection, plus specific artefacts in other buildings.

The additions reflect where Boston Manor House (where the council is the sole trustee) has been restored with National Lottery Heritage Fund grant and is managed and maintained in accordance with the plan agreed under the grant conditions. Chiswick House Grounds in leased to Chiswick House and Gardens Trust, and Gunnersbury Museum is leased to Gunnersbury CIC. All our heritage assets are open to the public during their opening hours which are advertised on their websites and publicity, with the exception of where buildings may be closed for long term maintenance and/or due to health and safety concerns.

Note 28 Long-Term Debtors

2023/24		2024/25
£m		**£m**
229.7	Receivables from subsidiaries	227.8
2.7	Other	4.8
232.4		**232.6**

Receivables from subsidiaries are represented by loan agreements made with Lampton Investment 360 Ltd (£227.8m as at 31 March 2025; £229.7m as at 31 March 2024) for the acquisition of housing properties to be let at below market rent with the objective of increasing the supply of affordable housing in the borough, and with Lampton Development 360 LLP (£3.2m as at 31 March 2025; £3.2m as at 31 March 2024) to enable the development of surplus sites released by the council for housing development.

Note 29 Capital Expenditure and Capital Financing

2023/24		2024/25
£m		£m
726.0	**Opening Capital Financing Requirement**	**829.2**
	Capital investment:	
155.4	Property, plant and equipment	112.2
		0.0
0.4	Heritage assets	0.1
2.8	Intangible assets	4.7
4.2	Revenue Expenditure Funded from Capital Under Statute	4.7
32.2	Loans to Subsidiary Companies for Capital purposes	12.5
195.0	Total capital spending	134.2
	Sources of finance:	
(23.4)	Capital receipts	-24.0
(32.6)	Government grants and other contributions	-35.0
(16.4)	Major repairs reserve	-16.4
	Sums set aside from revenue:	
(8.5)	Direct revenue contributions	-12.1
(11.0)	Minimum revenue provision	-11.5
(91.9)	Total sources of finance	-99.1
829.2	**Closing Capital Financing Requirement**	**864.3**
	Explanation of movements in year	
106.9	Increase / (decrease) in need to borrow (unsupported by government financial assistance)	38.9
(3.7)	Other movements	-3.8
103.2	**Increase / (decrease) in capital financing requirement**	**35.1**

Note 30 Service Concession Arrangements

The Council entered into a PFI contract in August 2012 for the maintenance and updating of all the highways and street lighting and associated infrastructure (a ‘fence to fence’ contract). The contract is for 25 years and came into effect from January 2013.

The Authority makes an agreed payment 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 2025 (excluding any estimation of availability/performance deductions) are as follows:

	Payment for Services	Interest	Reimbursement of Capital Expenditure	Total
	£m	£m	£m	£m
Payable in 2024/25	20.8	1.6	3.8	26.2
Payable within 1 year	21.4	1.5	3.9	26.8
Payable within 2 to 5 years	91.2	5.0	16.6	112.8
Payable within 6 to 10 years	126.6	3.6	23.5	153.7
Payable within 11 to 15 years	79.0	0.5	14.4	93.9
Total	**339.0**	**12.2**	**62.2**	**413.4**

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 the contractor for capital expenditure is as follows:

2023/24		2024/25
£m		£m
(65.7)	Balance outstanding at start of year	(62.0)
3.7	Payments during the year	3.8
(62.0)	**Balance outstanding at year-end**	**(58.2)**

ABOUT THE AUTHORITY'S CURRENT ASSETS

Note 31 Short-Term Debtors

Re-stated 2023/24		2024/25
£m		£m
22.3	Council tax - LBH share of arrears	25.1
12.0	Housing benefit debtors	10.8
8.4	Housing general fund - Private Sector Leases	7.3
6.8	Housing general fund - Leaseholder Charges	8.2
11.0	Housing Revenue Account - rent outstanding	12.6
12.6	Payments in advance	6.0
56.1	Sundry debtors	66.4
1.5	Short-term loans – Lampton 360 & Lampton Leisure	1.6
0.9	NNDR - (Crossrail) GLA share of arrears	0.5
7.1	NNDR - LBH share of arrears	8.9
8.3	VAT	6.3
147.0		**153.7**
(54.8)	Impairment Allowances	(57.8)
92.2		**95.9**

Impairment Allowances

2023/24		2024/25
£m		£m
(10.4)	Housing benefit	(9.3)
(6.5)	Housing General Fund	(6.5)
(7.6)	Housing Revenue Account	(7.6)
(4.1)	Business rates - LBH share	(5.2)
(12.1)	Sundry debt	(13.3)
(14.1)	Council Tax - LBH share	(15.9)
(54.8)		**(57.8)**

Debtors for Local Taxation

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

	Council Tax	NNDR	Total	Council Tax	NNDR	Total
	31 March 2025	31 March 2025	31 March 2025	31 March 2024	31 March 2024	31 March 2024
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Less than one year	5.6	3.2	8.8	5.1	2.4	7.5
Between one and two years	2.1	0.5	2.7	1.9	0.6	2.5
More than two years	1.4	0.0	1.4	1.2	0.0	1.2
Total	**9.2**	**3.7**	**12.9**	**8.2**	**3.0**	**11.2**

Note 32 Cash and Cash Equivalents

The balance of cash and cash equivalents comprises the following elements:

31 March 2024		31 March 2025
£m		£m
0.1	Cash held by the authority	0.1
9.4	Bank current accounts	12.1
0.0	Cash held in subsidiaries	9.3
2.0	Cash held in client accounts	2.8
11.6	**Cash and Cash Equivalents**	**24.3**

Note 33 Short-Term Creditors

2023/24		2024/25
£m		£m
(8.7)	Business rates LBH share of prepayments	(6.0)
(7.0)	Council Tax LBH share of prepayments	(7.4)
0.3	Council Tax - amount owed to GLA (net of arrears)	0.1
(1.3)	Business rates - amounts owed to government for transitional relief	0.0
(8.4)	NNDR - government PIA, arrears & deficit	(20.7)
(9.4)	NNDR - amounts owed to GLA	(23.2)
(3.8)	Hounslow Private Finance Initiative	(3.9)
0.0	Housing Revenue Account capital creditors	(6.7)
(23.4)	Receipts in advance	(23.1)
(75.1)	Sundry Creditors	(74.6)
(0.6)	Lampton Leisure Ltd services	(0.0)
(4.8)	Grants repayable	(2.2)
(142.2)		**(167.7)**

Note 34 Provisions

The Authority is required under IFRS to split its provisions between short-term and long-term on the balance sheet. The table below shows the overall provisions for the Council. The short-term provisions are those estimated to be payable within one year of the balance sheet date and total £9.2m at 31 March 2025 (£10.7m at 31 March 2024). The long-term provisions are those estimated to be payable in more than one year from the balance sheet date and total £4.6m at 31 March 2025 (£2.5m at 31 March 2024). The most significant areas for which provisions have been set aside are for NNDR appeals (£10.3m as at 31 March 2025, £9.8m as at 31 March 2024) and insurance provision (£3.3m as at 31 March 2025, £3.3m as at 31 March 2024). The insurance provision is there to cover the potential cost of claims made against the Council. The level of the insurance provision and reserve is set using the best available information at the time. The provision for business rates appeals has been estimated by analysing historic trends in appeals and information about outstanding appeals.

2023/24	Total provisions	2024/25
£m		£m
(6.1)	Opening balance	(13.1)
(9.8)	Increase in provision during year	(10.5)
2.8	Provisions no longer required written back to CIES during year	9.8
(13.1)	**Balance outstanding at year-end**	**(13.8)**

Note 35 Long-Term Liabilities

2023/24		2024/25
£m		£m
(10.5)	Net Pension Liability	(7.7)
(58.4)	Long Term PFI Liability	(54.5)
(1.9)	Other Long-Term Liabilities	(1.9)
(70.8)		**(64.1)**

Note 36 Contingent Liabilities

At 31 March 2025 there were a number of legal claims outstanding against the Council, none of which are material. These claims are disputed and are still the subject of negotiation, and/or legal action, with the parties concerned.

ABOUT THE AUTHORITY'S FINANCIAL INSTRUMENTS

Note 37 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another. The Council recognises a financial instrument in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

The financial instruments held by the Council primarily include borrowings, investments, loans, debtors, creditors, and certain lease and PFI liabilities. These are disclosed in accordance with the classification and measurement requirements of the CIPFA Code, based on the business model for managing financial assets and the characteristics of their contractual cash flows.

Classification of Financial Instruments:

The table below sets out the carrying amounts of the financial instruments held by the Council at year-end. In accordance with the CIPFA Code of Practice, only balances that meet the definition of a financial instrument are included. Statutory debtors and creditors, such as those relating to council tax and business rates, are excluded. All debtors and creditors are disclosed separately in notes 28, 31, and 33.

31-Mar-24 (Restated)		Financial Assets	31-Mar-25	
Long-Term	Short-Term		Long-Term	Short-Term
£m	£m		£m	£m
		Fair Value Through Profit and Loss:		
0.0	57.8	Investments	0.0	62.0
		Financial Assets Held at Amortised Cost:		
232.4	43.5	Debtors	232.6	56.4
0.0	11.6	Cash and Cash Equivalents	0.0	24.3
232.4	**112.9**	**Total:**	**232.6**	**142.7**

31-Mar-24 (Restated)		Financial Liabilities	31-Mar-25	
Long-Term	Short-Term		Long-Term	Short-Term
£m	£m		£m	£m
		Financial Liabilities at Amortised Cost:		
(455.6)	(97.1)	Borrowing	(498.5)	(114.3)
(60.3)	(3.8)	PFI and Finance Lease Liabilities	(56.5)	(3.9)
(515.9)	**(100.9)**	**Sub-Total:**	**(555.0)**	**(118.1)**
0.0	(67.7)	Creditors	0.0	(83.4)
(515.9)	**(168.6)**	**Total:**	**(555.0)**	**(201.6)**

Split Between Financial and Non-Financial Instruments

Certain debtor and creditor balances reported in the Balance Sheet include non-financial instruments, such as statutory debtors (e.g., council tax, and business rates) and accrued income/expenditure not arising from contractual arrangements. These are excluded from the financial instrument disclosures below:

	Long-Term		Short-Term		Total	
Debtors	**Debtors**		**Debtors**			
	31-Mar-24 (Restated)	**31-Mar-25**	**31-Mar-24 (Restated)**	**31-Mar-25**	**31-Mar-24 (Restated)**	**31-Mar-25**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Financial instruments	232.4	232.6	43.5	56.4	275.9	289.0
Non-financial instruments	0.0	0.0	48.7	39.5	48.7	39.5
Total Debtors	**232.4**	**232.6**	**92.2**	**95.9**	**324.6**	**328.5**

	Long-Term		Short-Term		Total	
Creditors	**Creditors**		**Creditors**			
	31-Mar-24	**31-Mar-25**	**31-Mar-24 (Restated)**	**31-Mar-25**	**31-Mar-24 (Restated)**	**31-Mar-25**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Financial instruments	0.0	0.0	(67.7)	(83.4)	(67.7)	(83.4)
Non-financial instruments	0.0	0.0	(74.5)	(84.5)	(74.5)	(84.5)
Total Creditors	**0.0**	**0.0**	**(142.2)**	**(167.9)**	**(142.2)**	**(167.9)**

Income, Expense, Gains and Losses on Financial Instruments

The following gains and losses in relation to financial instruments have been recognised in the Comprehensive Income and Expenditure Statement:

	31-Mar-24	31-Mar-25
	£m	£m
Interest Revenue:		
Financial Assets Measured at Amortised Cost	8.6	9.0
Financial Assets at Fair Value through Profit and Loss	3.9	4.1
Total Income:	**12.5**	**13.1**
Interest Expense:		
PWLB Interest	(14.0)	(19.6)
Other Borrowing Interest	(2.2)	(3.2)
Total Interest Expense:	**(16.2)**	**(22.8)**
Expected Credit Loss:		
Lampton Group	(0.4)	(0.6)
Impairment of Debtors	(1.6)	(1.1)
Total Expected Credit Loss:	**(2.0)**	**(1.7)**
FVTPL – Investment Gain/(Loss):		
Fidelity	(0.1)	(0.0)
Legal and General	0.8	0.6
Total Investment Loss:	**0.7**	**0.6**
Total Expense:	**(17.5)**	**(23.9)**
Net Gain/(Loss) for Year:	**(5.0)**	**(10.8)**

Financial Liabilities – Measurement and Fair Value

A financial liability is a contractual obligation to deliver cash or another financial asset. The Council's financial liabilities are measured at amortised cost and include:

- Borrowing:
  - Long-term loans from the Public Works Loan Board (PWLB), other lenders including external pension funds.
  - Short-term loans and accrued interest.
- Private Finance Initiative (PFIs) and Finance Lease Liabilities.

The fair values of these liabilities have been estimated using present value techniques, with assumptions including:

- PWLB loans are valued using the new loan (certainty rate) at the balance sheet date.
- Non-PWLB loans are also valued using PWLB certainty rates, due to a lack of active market data but with reference to discussions with market participants, indicating minimal deviation from PWLB benchmarks.
- Short-term instruments (maturity < 12 months) are held at carrying amount, as this is a reasonable approximation of fair value.

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

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

The following liabilities have been assessed using Level 2 inputs of the fair value hierarchy.

31-Mar-24 (Restated)		Financial Liabilities	31-Mar-25	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£m	£m		£m	£m
		Financial Liabilities at Amortised Cost:		
		Borrowing:		
(505.6)	(419.6)	PWLB Loans	(539.4)	(427.1)
(47.1)	(40.1)	Market and LOBO Loans	(42.1)	(31.9)
0.0	0.0	Temporary Loans	(31.3)	(31.3)
(64.1)	(64.1)	PFI and Finance Lease Liabilities	(60.3)	(60.3)
(616.8)	**(523.8)**	**Sub-Total**	**(673.1)**	**(550.6)**
(67.7)	(67.7)	Creditors	(83.4)	(83.4)
(684.5)	**(591.5)**	**Total**	**(756.5)**	**(634.0)**

The fair value of financial liabilities is lower than their carrying amount due to the Council's historical borrowing at interest rates below current market levels. This results in a notional economic gain if those liabilities were transferred or settled at the balance sheet date.

Financial Assets – Classification and Fair Value

A financial asset represents a contractual right to receive cash or another financial asset. The Council's financial assets are classified as:

- Cash and cash equivalents, including current account deposits with National Westminster Bank.
- Loans made to community organisations and other bodies for service purposes (including soft loans).

Allowances for impairments on loans made for service purposes are made on the expected loss model in the following note – nature and extent of risks arising from financial instruments.

31-Mar-24 (Restated)		Financial Assets	31-Mar-25	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£m	£m		£m	£m
		Fair Value Through Profit and Loss:		
57.8	57.8	Investments	62.0	62.0
		Financial Assets Held at Amortised Cost:		
275.9	275.9	Debtors	289.0	289.0
11.6	11.6	Cash and Cash Equivalents	24.3	24.3
345.3	**345.3**	**Total:**	**375.3**	**375.3**

Fair value through profit and loss investments are measured using Level 1 inputs (quoted prices in active markets). Other assets, including cash and debtors, are either short-term or low credit risk and hence valued at their carrying amount as a proxy for fair value.

Note 38 Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The Council's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a centralised treasury management team, operating within policies approved by Council in the Annual Treasury Management Strategy (TMS). This includes written principles for overall risk management and detailed policies covering areas such as credit risk, liquidity risk, refinancing risk, and market risk.

Key Financial Risks

The key types of financial risk arising from financial instruments are as follows:

- Credit Risk – the risk that other parties may fail to meet their payment obligations to the Council.
- Liquidity Risk – the risk that the Council may not have sufficient funds available to meet its financial commitments.
- Re-financing Risk – the risk that the Council may be required to renew a financial instrument at disadvantageous terms or interest rates.
- Market Risk (Interest Rate and Price Risk) – the risk of financial loss resulting from changes in market variables such as interest rates or investment prices.

Credit Risk

a) Credit Risk from Investments

Credit risk arises from the Council's investments in banks and financial institutions. This risk is managed through the Annual Investment Strategy, which is incorporated within the approved Treasury Management Strategy. The Strategy sets minimum credit criteria based on ratings from Fitch, Moody's, and Standard & Poor's. It also places limits on the value of investments by credit rating category (using a colour banding system).

The primary objective of the investment strategy is the security of capital. The Council also ensures:

- A policy exists covering types of investments, counterparty selection, and ongoing monitoring, as detailed in the specified and non-specified investments section of the TMS.
- Liquidity is maintained by limiting the duration of investments in accordance with prudential criteria.

Credit ratings and market intelligence are provided by MUFG Corporate Markets Treasury Limited, the Council's treasury advisors. Counterparties not meeting the criteria are excluded from the approved list. Updates on rating changes, watches, and outlooks are received in real time and assessed by officers before any transactions are undertaken.

Other qualitative and quantitative factors considered include:

- Financial strength and domicile of the institution.
- Credit default swap (CDS) pricing.
- Actual or expected government support.

b) Credit Risk from Customers

Debtors relate to the Council's statutory functions and service deliver. The Council does not generally provide credit to customers. The quality of debtors is reflected in the impairment allowance shown in Note 31. In commercial arrangements, credit is assessed prior to being granted (e.g., commercial rents). Arrears are actively pursued and, where appropriate, credit is suspended. Some debts may be secured against property, but most exposure is unsecured and geographically concentrated within the borough.

Uncollectible amounts are written off through the Surplus or Deficit on the Provisions of Services.

c) Credit Risk from Loans to Subsidiaries

Loans to subsidiaries are governed by robust internal frameworks, with regular financial assessments, monitoring of business plans, and formal reporting arrangements. Early warning systems and audits are in place to identify and address credit deterioration promptly.

Risk mitigation strategies include contingency planning and limits on financial exposure. Governance is reinforced through transparency, and periodic reviews ensure alignment with the Council's evolving risk appetite and financial objectives.

d) Expected Credit Losses (ECL)

In line with IFRS 9 and the Code of Practice, the Council assesses expected credit losses on financial assets.

As at 31 March 2025, investment assets (including loans to subsidiaries) totalled £293.6m with a calculated ECL of £0.6m, reflecting a low risk of default given the quality of counterparties.

Impairment allowances for financial instruments increased by £1.076m during the year, rising from £10.125m in 2023/24 to £11.201m in 2024/25. This movement is disclosed in the income, expense, gains, and losses section (Note 37).

Liquidity risk

The Council manages its liquidity risk via a detailed cashflow forecasting process in line with the CIPFA Treasury Management Code of Practice. This ensures sufficient cash is available to meet liabilities as they fall due. The Council maintains access to liquid short-term investments, the Public Works Loan Board (PWLB), and other approved local authority lenders and financial institutions.

There is no material risk that the Council will be unable to raise finance to meet its obligations. The key risk relates to refinancing large amounts of maturing debt at potentially unfavourable rates. To mitigate this, the Council sets maturity structure limits on its fixed rate debt. The maturity profile of financial liabilities is summarised below:

2023/24						Maturity Period	2024/25					
PWLB	LOBO	Market Loan	Temporary Loans	PFI and Finance Leases	Total		PWLB	LOBO	Market Loan	Temporary Loans	PFI and Finance Leases	Total
£m	£m	£m	£m	£m	£m		£m	£m	£m	£m	£m	£m
78.5	0.0	0.0	0.0	3.8	**82.3**	Less than 1 year	69.6	0.0	0.0	30.0	3.9	**103.4**
69.6	0.0	0.0	0.0	3.9	**73.4**	Between 1 and 2 years	46.8	0.0	0.0	0.0	4.0	**50.8**
24.7	0.0	0.0	0.0	12.3	**37.0**	Between 2 and 5 years	91.0	0.0	0.0	0.0	12.6	**103.6**
0.0	0.0	0.0	0.0	22.9	**22.9**	Between 5 and 10 years	0.0	0.0	0.0	0.0	23.5	**23.5**
18.4	0.0	0.0	0.0	19.4	**37.8**	Between 10 and 20 years	18.4	0.0	0.0	0.0	14.4	**32.8**
55.0	0.0	0.0	0.0	0.0	**55.0**	Between 20 and 30 years	55.0	0.0	0.0	0.0	0.0	**55.0**
100.4	0.0	0.0	0.0	0.0	**100.4**	Between 30 and 40 years	100.4	0.0	0.0	0.0	0.0	**100.4**
155.0	15.0	0.0	0.0	0.0	**170.0**	Between 40 and 50 years	155.0	15.0	0.0	0.0	0.0	**170.0**
0.0	24.5	7.5	0.0	0.0	**32.0**	50 years and beyond	0.0	19.5	7.5	0.0	0.0	**27.0**
501.6	**39.5**	**7.5**	**0.0**	**62.1**	**610.7**	**Total**	**536.1**	**34.5**	**7.5**	**30.0**	**58.4**	**666.4**

Note: LOBO loans (nominal value £34.5m) are shown at contractual maturity, assuming lenders do not exercise early break clauses. These loans carry fixed interest rates between 3.52% and 4.42% and are under active review for possible restructuring.

Refinancing and Maturity Risk

Refinancing risk arises from the need to renew financial instruments as they mature. The Council's approach includes setting indicators for the maturity structure of debt and maximum durations for investments. These are approved in the TMS and monitored by the treasury team.

The Council manages the risk by spreading debt maturities across a range of dates, minimising concentration risk, and monitoring market conditions to identify opportunities for early refinancing on favourable terms.

Market Risk

a) Interest Rate Risk

The Council is exposed to interest rate fluctuations on its borrowings and investments. Movements impact both current income (via variable rates) and the fair value of fixed rate instruments.

To manage the risk:

- The annual TMS includes forecasts for interest rate trends.
- Limits are set on variable v. fixed rate exposure.
- The portfolio is regularly reviewed.

The financial impact of a 1% increase in interest rates is estimated as follows:

31 March 2024			31 March 2025
£m			£m
0.5		Increase in interest payable on variable rate borrowings	0.7
(0.7)		Increase in interest receivable on variable rate investments	(0.8)
(0.2)		**Impact on Surplus or Deficit on the Provision of Services**	**(0.1)**
0.6		Share of overall impact credited to the HRA	0.9
0.6		**Impact on Other Comprehensive Income and Expenditure**	**0.9**

A 1% reduction would have the reverse effect but with slightly lower magnitude.

Additionally, the fair value of fixed rate borrowing would decrease by £42.3m in 2024/25 (from £459.0m to £416.7m), and by £49.4m in 2023/24 (from £459.7m to £410.3m), reflecting changes in market interest rates.

The 2024/25 position includes net additional borrowing of £59.5m (£143m raised, and £83.5m repaid)

b) Price Risk

The Council holds financial assets which may fluctuate in value due to market conditions. However, these instruments are generally held to maturity unless there is a clear business case for divestment (e.g., sustained loss of capital value).

As such, short-term price fluctuations are not expected to materially affect the Council's financial position.

ABOUT THE CASH FLOW STATEMENT

Note 39 Cash Flow from Operating Activities

Re-stated 2023/24		2024/25
£m		£m
16.3	Interest Paid	22.9
(12.5)	Interest Received	(13.1)
3.8	**Total**	**9.8**

Note 40 Reconciliation of Liabilities Arising from Financing Activities

	1 April 2024	Financing Cash Flows	Non-cash Changes	31 March 2025
	£m	£m	£m	£m
Long-Term borrowings	(455.6)	(122.5)	79.6	(498.5)
Short-Term borrowings	(97.1)	83.5	(100.7)	(114.3)
On balance sheet PFI liabilities	(62.2)	3.8	0.0	(58.4)
Total Liabilities from Financing Activities	**(614.9)**	**(35.2)**	**(21.1)**	**(671.2)**

	1 April 2023	Financing Cash Flows	Non-cash Changes	31 March 2024
	£m	£m	£m	£m
Long-Term borrowings	(388.6)	(160.0)	93.0	(455.6)
Short-Term borrowings	(6.5)	12.2	(102.8)	(97.1)
On balance sheet PFI liabilities	(65.8)	3.7	(0.1)	(62.2)
Total Liabilities from Financing Activities	**(460.9)**	**(144.1)**	**(9.9)**	**(614.9)**

OTHER DISCLOSURES

Note 41 Trust Funds

The council acts as trustee for various funds including bequests and legacies, appointeeship, deputyship and individual trusts. Some of these are not recognised on the council's own balance sheet.

Funds	Balance as 31 March 2025	Balance as 31 March 2024
	£m	£m
Regulated by the Office of the Public Guardian (OPG)- Deputyship	2.8	1.7
Regulated by the Department of Work and Pensions (DWP)- Appointeeship	4.9	4.4
Total	**7.7**	**6.1**

Note 42 Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Executive Director of Finance and Resources on 30 June 2025. Events taking place after this date are not reflected in the financial statements or notes.

Note 43 Restated 2023/24 Accounts

During the preparation of the statement of accounts it was noticed that nine errors had been made in the Comprehensive Income and Expenditure Statement for 2023/24, that included a duplication of interest payable and similar charges, where interest recharged from the General Fund to the HRA was counted as additional interest payable and the recharge income counted as additional interest receivable and similar income. This led to an overstatement of expenditure and income in the Comprehensive Income and Expenditure Statement by £10.2m. The comparatives for 2023/24 have been adjusted to reflect these changes. The impact of these changes on the main statements has been as follows:

Effect on Comprehensive Income and Expenditure Statement 2023/24		
	Expenditure	**Income**
Financing and Investment Income and Expenditure	**£m**	**£m**
As stated in 2023/24 accounts	28.9	(22.7)
Duplicated interest correction	(10.2)	10.2
Re-stated position	18.7	(12.5)

ACCOUNTING POLICIES

1. Introduction

The Authority is required to produce an annual Statement of Accounts by the Accounts and Audit Regulations 2015, preparation of which is primarily governed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (CIPFA Code), supported by International Financial Reporting Standards (IFRS).The Council has where appropriate provided only information which is material and either aids the reader of the accounts or can be provided on a value for money basis, as permitted by the CIPFA code**.**

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

Revenue Recognition

2. Accruals of expenditure and income

Activity is accounted for in the year that it takes place, regardless of when cash payments are made. In particular:

- Revenue from the sale of goods and services is recognised in accordance with the terms and conditions of the contract.
- Revenue from contracts with service recipients is recognised when the Council has satisfied a performance obligation by transferring promised goods or services to a recipient.
- Expenses in relation to services received are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument.
- Where the Authority is acting as an agent for another party (e.g., in the collection of NNDR and council tax), income and expenditure are recognised only to the extent that commission is receivable by the Authority for the agency services rendered or the Authority incurs expenses directly on its own behalf in rendering the services.
- Accruals are recognised where the value exceeds £5,000 for Revenue and £10,000 for Capital unless material to grant funding streams or to individual budgets.

3. VAT

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

4. Overheads and Support Services

The costs of overheads and support services are recognised in the Net Cost of Services, charged to the Directorate responsible for managing those costs.

5. Government Grants and other contributions

Government grants and third-party contributions and donations, are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the grant, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied.

Section 106 contributions received are each subject to conditions. There is a clause in each s106 agreement that requires unspent contributions to be repaid. Therefore, once received the s106 balances will remain as a creditor until expenditure to satisfy the condition of the agreement is incurred.

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 either to the Net Cost of Services or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants, contributions, and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where a capital grant becomes repayable because its conditions have not been met, this will be applied against the Capital Grants Receipts in Advance account. Where a grant that has been recognised in the Comprehensive Income and Expenditure Statement becomes repayable, the repayment will be recognised as an expense in the Comprehensive Income and Expenditure Statement. Repayments of grants for capital purposes will be treated as capital expenditure. The repayment shall be transferred from the General Fund or HRA to the Capital Adjustment Account. This will be reported in the Movement in Reserves 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 Account are transferred to the Capital Adjustment Account once they have been applied.

6. Council Acting as Agent - Business Rates Supplement - Crossrail

The Authority is required by the Greater London Authority (GLA) to levy a Business Rate Supplement to assist in funding the Crossrail project. The GLA levy is authorised by the Business Rate Supplements Act 2009 (the "BRS" Act). The Authority will account for these sums in its role as a billing authority as an agent and will therefore not incorporate any of the levy and the resulting payments to the GLA in the Authority's Comprehensive Income and Expenditure Statement, apart from a small contribution to the administrative expenses involved in the collection of the levy.

7. Highways Private Finance Initiative (PFI) Contract

The Council entered into major contract for the maintenance and updating of all the highways and street lighting and associated infrastructure (a 'fence to fence' contract). The infrastructure assets remain the Council's property. In the first five years of the contract there was substantial investment to improve the overall condition of the borough's highways, followed by further ongoing lifecycle works over the remaining twenty years of the contract.

A proportion of the payments to the PFI provider are treated as a finance lease for accounting purposes, to reflect repayment of the long-term creditor and associated notional interest. The remaining payments are treated as revenue expenditure.

The Council receives a PFI related grant from the Department for Levelling Up, Housing and Communities. This grant is recognised as revenue income in the Net Cost of Services.

8. Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in a non-current asset has been charged as expenditure. 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.

This treatment applies to expenditure on property not owned by the Authority, and statutory redundancy costs when an authority has been granted a directive under the Local Government Act 2003.

9. Exceptional Items

When items of income and expense are material, their nature and amount are disclosed separately, either in the Comprehensive Income and Expenditure Statement or in the notes to the Accounts. The decision on where this is reflected will depend on how significant the items are to an understanding of the Authority's financial performance.

<u>Assets and Valuation</u>

10. 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 at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

The 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 participants 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

The following assets are held at Fair Value:

- Investment Properties are valued by our Valuers Wilks Head & Eve. They are valued using inputs on Level 2 of the Fair Value hierarchy. The observable inputs include estimated rental value, capitalisation rate and assumed void periods. In addition, current market conditions, recent sales prices and other relevant information for similar assets in the locality are observable inputs used.
- Financial Instruments held at fair value through profit and loss are valued at year end on the basis of Level 1 inputs on the Fair Value Hierarchy, being quoted prices in active markets.

11. Property, Plant and Equipment (excluding Highways Infrastructure Assets)

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 Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

A review is undertaken annually to ensure that expenditure which adds value to Property, Plant and Equipment is capitalised; otherwise, it is treated as an impairment and charged to revenue.

The Council will only capitalise expenditure on Property, Plant and Equipment if it is more than £10,000 in any one transaction. Consolidation of similar assets will occur where they have a common characteristic.

Measurement

Assets are initially measured at cost, comprising:

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

The Authority does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Authority. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

- infrastructure, community assets – depreciated historical cost
- assets under construction – historical cost

- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH) in accordance with Department for Levelling Up, Housing and Communities rules, which require the valuation to be adjusted to reflect the ratio at a regional level of local authority rents to those rents in the private sector that are applicable for housing benefit
- all other assets – current value, the amount that would be paid for the asset in its existing use (existing use value - EUV)

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Valuations are on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by The Royal Institute of Chartered Surveyors (RICS). Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Revaluations are carried out in a five-year rolling programme, with at least 20% of the assets in each class being revalued in year. Any high value assets are revalued more frequently than every five years to ensure they are not materially misstated in the accounts. The remaining assets in each class are reviewed and when a material change in value would result a desktop revaluation is completed for the remaining assets in the class.

The balance is reduced when assets with accumulated gains are:

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

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

Impairment

Assets are assessed at each year-end to determine whether there is evidence that an asset may be impaired (i.e., the asset has suffered a reduction in value due to damage to an asset, obsolescence, or changes in market value). Where it has and the differences are estimated to be material, the recoverable amount of the asset is estimated. Where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where an impairment loss is subsequently reversed, 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.

Disposals

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. Depreciation is not charged on Assets Held for Sale.

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

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

When an asset is disposed of or decommissioned any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. 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.

Depreciation

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

Deprecation 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 and equipment - straight-line allocation over the useful life of the item
- infrastructure – straight line allocation over the useful life of the relevant component.

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.

Newly acquired assets are not depreciated in the year of acquisition and assets in the course of construction are not depreciated until they are brought into use. Assets are depreciated in the year of disposal.

Depreciation in these accounts is included according to the following policy:

- Where it can be separately identified, depreciation is not charged for land.
- Depreciation is calculated using the straight-line method over the following periods:
  - Buildings 5 to 60 years
  - Vehicles, plant & equipment 3 to 20 years
  - Infrastructure (other than highways infrastructure) 40 years
  - Intangible Fixed Assets 5 to 20 years

Componentisation

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item should be depreciated separately. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge. In practice this can be achieved by only separately accounting for significant components that have different useful lives and / or depreciation methods.

In practice, parts of assets are only componentised where the part is more than 20% of the value of the asset and the value of the asset itself is greater than £1m.

12. Highways Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network. The Update to the Code and Specifications for Future Codes for Infrastructure Assets published in November 2022, provides a temporary relief not to report gross cost and accumulated depreciation for infrastructure assets for accounting periods commencing 1 April 2021.

Recognition

Expenditure on the acquisition or replacement of components of the network 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 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.

Impairment

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

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

Useful lives of the various parts of the highways network are assessed by the council's highways maintenance PFI contractor as follows:

- Carriageways – 25 years
- Footpaths and cycle tracks – 35 years
- Structures – 75 years
- Street lighting – 25 years

- Street furniture – 25 years

Derecognition

Derecognition other than by way of disposal is a relevant matter for infrastructure assets, and the council determines in accordance with Regulation 30M 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.

13. Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to 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.

14. Heritage Assets

Heritage assets are assets that are held by the Authority principally for their contribution to knowledge and culture. The Authority considers that its heritage assets will have indeterminate lives and a high residual value, therefore it is not appropriate to charge depreciation for the assets. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. Subsequent expenditure on heritage assets is capitalised. Under the CIPFA code of practice for local authority accounting some of the measurement rules for assets can be relaxed in relation to heritage assets as detailed below, largely where it would not be cost effective or feasible to obtain regular valuations of assets.

The Authority will be using the relaxation to the rules on the measurement of assets which is permitted under the CIPFA code in relation to heritage assets. This permits the Authority, where cost figures are not available, and where the cost of obtaining specialist valuations for specific assets is estimated to be out of proportion to the benefits obtained, not to include a valuation figure in its balance sheet. There are 40,000 items in the collection in Gunnersbury House Museum and various other heritage asset artefacts in other buildings. The Authority does not have either actual cost or valuation figures for these items and therefore does not recognise on the balance sheet the Gunnersbury House collection, or any other artefacts in other premises, apart from the historical letter at Hogarth House.

15. Intangible Assets

Expenditure on intangible assets is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase. Research expenditure is not capitalised. Expenditure on the development of websites is not capitalised.

Intangible assets are measured initially at cost and are not revalued. The depreciable amount of an intangible asset is amortised over its useful life, charged to the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

The Council will only capitalise expenditure on computer software licences of over £10,000. Intangible Assets will be amortised over 5 years unless its life is estimated to be higher or lower. Amortisation, impairment losses, disposal gains and losses of intangible assets are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

16. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

17. Leases

From 1 April 2024, the council has applied IFRS 16 Leases as adopted by the CIPFA Code of Practice on Local Authority Accounting. The new accounting standard requires that the rights to use items acquired under all leases are recognised as assets on the Balance Sheet, together with a liability for the payments to be made for the acquisition. Previously this was only done for leases where the Council acquired substantially all the risks and rewards of ownership of the leased item (finance leases).

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

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

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

(i) The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). Initial direct costs of the Authority are added to the carrying amount of the asset.

All finance leases for which the underlying asset value is over £100,000 and which is estimated to have a life of more than 7 years will be shown as an asset on the Balance Sheet. Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Operating Leases

Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

<u>The Authority as Lessor</u>

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, with a value of more than £100,000, the relevant asset is written out of the Balance Sheet as a disposal.

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance. It is 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, because the cost of fixed assets is fully provided for under separate arrangements. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

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

<u>Financial Instruments</u>

18. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in 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 Authority's cash management.

19. Other Financial Instruments

Assets

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

- amortised cost;
- fair value through profit and loss; and
- fair value through other comprehensive income.

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e., where the cash flows do not take the form of a basic debt instrument) which are classified as fair value through profit & loss. The authority does not hold any financial assets which are classified as fair value through Other Comprehensive Income.

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 carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the 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 Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

Interest rate risk

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

Expected Credit Loss

Where assets are identified as likely to be impaired in future because of a likelihood arising from past events that payments due under the contract will not be made, a loss allowance is calculated and set aside for expected credit losses.

Adjustments Impacting on Usable Reserves

20. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the General Fund Balance in the Movement in Reserves Statement. When expenditure is financed from a reserve, it is charged to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. Reserves are deemed to be earmarked when they are set aside for a specific purpose.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits. They do not represent usable resources for the Authority. These reserves are explained in the relevant policies below.

The HRA Resource Accounting regime also requires the maintenance of a Major Repairs Reserve, which represents the balance of the HRA Major Repairs Allowance not yet used to fund major repairs to housing stock.

Adjustments Impacting on Unusable Reserves

21. 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 fixed assets during the year:

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

The Authority 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 equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. This is calculated in accordance with the Council's Minimum Revenue Provision Policy Statement.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

22. Employee Benefits

(i) Benefits Payable during Employment

Short-term employee benefits are recognised as an expense in the year in which employees render service to the Authority. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

(ii) Termination Benefits

Termination benefits are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. Adjustments are applied through the Movement in Reserves Statement, with appropriations to and from the Pensions Reserve, to adjust for the differences between amounts paid and the amounts charged to the Comprehensive Income and Expenditure Statement.

(iii) Post-Employment Benefits

The Local Government Pension Scheme

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

- The liabilities of the London Borough of Hounslow (LBH) pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method. Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds. The discount rate adopted by the Actuary is based on a weighted average of “spot yield” on AA related corporate bonds.
- The assets at the LBH pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
    - quoted securities - current bid price
    - unquoted securities - professional estimate
    - unitised securities - current bid price

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

Teachers' pensions scheme

The arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Authority. The scheme is therefore accounted for as if it was a defined contributions scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

(iv) Discretionary Benefits

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

23. Dedicated Schools Grant (DSG) Deficit

Where the council has a deficit on its schools budget, i.e. where expenditure in relation to functions normally funded from the ringfenced Dedicated Schools Grant (DSG) exceed the available grant due, the Government has made regulations requiring the deficit to be carried forward to be funded from future DSG income. To ensure that the deficit does not fall as a net charge to the General Fund, the council will not charge to a revenue account an amount in respect of that deficit, other than by agreement with the Department for Education.

The deficit will be charged to a dedicated account established solely for the purpose of recognising deficits in respect of the schools budget: This accounts is an unusable reserve, 'Dedicated Schools Grant Adjustment Account'.

Changes to Estimates or Accounting Policies and Uncertainty

24. Provisions

Any provision made is based on the best estimate at the balance sheet date required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are made, they are charged to the provision on the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., from an insurance claim), this is only recognised as income if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

25. Contingent Assets and Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Similarly, a contingent asset arises where an uncertain event could lead to the creation of service potential or economic benefits for the Authority. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be a material impact.

26. Events after the Balance Sheet date

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

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

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

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

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

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

Group Accounts

28. Group Accounts.

The Council has reviewed the relationships it has with its partner organisations. The Council has more than half of the voting rights or has effective overall control of the following bodies:

- Lampton 360 Ltd - which itself has a number of subsidiaries including Coalo Ltd.
- Bedfont Lakes Trust

The accounts of Lampton 360 Ltd have been consolidated with the financial statements of the London Borough of Hounslow. Consolidation has been undertaken on a like for like basis by adding like items of assets, liabilities, reserves, income and expenses together line by line to those of other group members in the financial statements. Intergroup balances and transactions are eliminated in full, and all transactions have been consolidated into the Group Accounts.

Bedfont Lakes Trust have not been incorporated into the group accounts on the grounds that they are not material.

There are no minority interests in these organisations or acquisitions.

Because there has been no loss of control during the year, there are no cases where there has been a gain or loss attributable to recognising any investment retained.

PART 3: OTHER FINANCIAL STATEMENTS

PART 3: OTHER FINANCIAL STATEMENTS

HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) summarises the transactions relating to the management maintenance of the Authority's houses and flats. The account has to be self-financing and there is a legal prohibition on cross subsidy to or from Council Tax payers. The Authority has retained ownership of the housing stock and has statutory responsibility for the Housing Revenue Account.

Collection Fund

These statements represent the transactions of the statutory Collection Fund. The Fund accounts independently for income and expenditure relating to the Council Tax and Non-Domestic Rates on behalf of those bodies (including the Authority's own General Fund) for whom the income has been raised. Administration costs are borne by the General Fund.

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

Re-stated 2023/24		2024/25	Note
£m		£m	
	Expenditure		
23.4	Repairs and maintenance	25.1	
38.7	Supervision and management	40.9	
3.1	Rents, Rates, Taxes and Other Charges	3.7	
16.4	Depreciation and revaluation losses in relation to Non-Current Assets	15.5	5
81.6	Total Expenditure	**85.2**	
	Income		
(78.8)	Dwelling rents	(87.8)	
(2.0)	Non-dwelling rents	(1.7)	
(19.7)	Charges for services and facilities	(20.8)	
(100.5)	Total Income	**(110.3)**	
(18.9)	**Net (income)/expenditure for HRA Services**	**(25.1)**	
0.9	HRA share of Corporate and Democratic Core	1.0	
(18.0)	**Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement**	**(24.1)**	
	HRA Share of Other operating income and expenditure included in the whole authority Comprehensive Income and Expenditure Statement		
(6.9)	Gain on disposal of non-current assets	(5.6)	
20.4	Interest payable and similar charges	22.1	
(0.6)	Interest receivable and similar income	(0.9)	
1.6	Other investment (income) / losses	0.1	
(14.5)	Capital grants and Contributions	(20.3)	
(18.0)	**(Surplus)/deficit for the year on provision of HRA Services**	**(28.7)**	

MOVEMENT ON THE HRA STATEMENT

2023/24		2024/25
£m		£m
(7.0)	**Balance at start of year**	**(3.6)**
(18.0)	(Surplus) or deficit on HRA Income and Expenditure Statement	(28.7)
21.4	Adjustments between accounting basis & funding basis under regulations	25.9
3.4	Net (Increase) / Decrease before Transfers to Reserves	(2.8)
0.0	Transfers to / (from) Reserves	1.7
3.4	(Increase) / Decrease in Year	(1.1)
(3.6)	**Balance at end of year**	**(4.7)**

NOTE 1 - RENT OF DWELLINGS

This is the total rent income collectable for the year after allowance is made for empty properties. During the year 2024/25 3.75% (4.27% in 2023/24) of lettable properties were vacant.

NOTE 2 - HOUSING STOCK

The stock numbers at the year end were made up as follows:

2023/24		2024/25
Number		**Number**
3,816	Houses/Bungalows	3,801
9,447	Flats/Maisonettes	9,633
13,263	**Stock as at 31 March**	**13,434**

The change in stock can be summarised as follows:

2023/24		2024/25
Number		**Number**
13,122	Stock at 1 April	13,263
(60)	Less: Sales	(54)
(2)	Less: Demolitions, Conversions etc.	(94)
203	Add: New Build Completed and Purchases	319
13,263	**Stock as at 31 March**	**13,434**

The balance sheet value of the land, houses and other property are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS) as follows:

2023/24		2024/25
£m		**£m**
	Operational Assets	
1,124.1	Dwellings	1,166.8
24.0	Other land and buildings	23.7
4.4	Plant, vehicle and equipment	4.0
3.8	Infrastructure	3.6
	Non-operational Assets	**1,198.1**
216.0	Assets under construction	216.0
1,372.3	**Total**	**1,415.1**

The net book value of dwellings is based on their existing use as social housing. As such, the valuations are lower than those reflecting vacant possession on the open market. The valuation of dwellings on a vacant possession basis as at 31 March 2025 was £4,667.0m (£4,809m as at 31 March 2024).

NOTE 3 - MAJOR REPAIRS RESERVE

HRA Resource Accounting requires the maintenance of a Major Repairs Reserve (MRR). This represents the balance of the Major Repairs Allowance not used to fund major repairs to housing stock. The statement below analyses the movement in this reserve.

2023/24		2024/25
£m		**£m**
(0.8)	**Balance as at 1 April**	**(0.8)**
(16.4)	Amount transferred in	(15.5)
	Amount in respect of capital expenditure:	
16.4	Housing	16.3
(0.8)	**Balance as at 31 March**	**0.0**

Note 4 - Capital expenditure and financing

Capital expenditure

The following statement summarises the total capital expenditure on land, houses and other property within the HRA and how it was funded.

2023/24						2024/25				
Houses	Other Property	Plant, Vehicles & Equipment	Surplus Assets	Total		Houses	Other Property	Plant, Vehicles & Equipment	Surplus Assets	Total
£m	£m	£m	£m	£m		£m	£m	£m	£m	£m
77.0	0.0	0.0	0.0	**77.0**	Borrowing	41.7	0.0	0.0	0.0	**41.7**
21.9	0.0	0.0	0.0	**21.9**	Capital receipts	8.1	0.0	0.0	0.0	**8.1**
0.0	0.0	0.3	0.0	**0.3**	Revenue contributions & leaseholder reserve	0.1	0.0	0.0	0.0	**0.1**
16.4	0.0	0.0	0.0	**16.4**	Major Repairs Reserve	16.3	0.0	0.0	0.0	**16.3**
2.4	0.0	0.0	0.0	**2.4**	Section 106	0.0	0.0	0.0	0.0	**0.0**
12.3	0.0	0.0	0.0	**12.3**	Grants/other contributions	20.3	0.0	0.0	0.0	**20.3**
130.0	**0.0**	**0.3**	**0.0**	**130.3**	**Expenditure in Year**	**86.5**	**0.0**	**0.0**	**0.0**	**86.5**

Capital receipts

The following statement summarises the total capital receipts from disposals of land, houses and other property within the HRA.

2023/24		2024/25
£m		£m
(11.6)	Sale of Houses and flats	(11.1)
0.0	Other receipts	(0.5)
(11.6)	**Total**	**(11.6)**

NOTE 5 - DEPRECIATION

Depreciation on dwellings and other assets is charged to operational expenditure as set out in the note on Accounting Policies.

2023/24		2024/25
£m		**£m**
15.6	Houses	14.7
0.3	Other land and buildings	0.3
0.2	Infrastructure assets	0.2
0.4	Vehicles, plant and equipment	0.4
16.4	**Expenditure in Year**	**15.6**

The HRA Income and Expenditure Statement includes the effect of an upwards revaluation in the Authority's dwellings stock. Council dwellings are valued at market value and then an adjustment factor to reflect the lower value of social housing is applied. The Department for Levelling Up, Housing and Communities set the adjustment factor and review it every five years. The adjustment factor to be applied in London is 25% for 2024/25 (25% for 2023/24).

Information about the net book value of land and buildings is set out in Note 2 above.

NOTE 6 - RENT ARREARS

The gross rent arrears at 31 March 2025 was £12.4m (£10.7m at 31 March 2024). An expected credit loss allowance in respect of current and former tenant arrears has been made in the accounts for potentially uncollectable rent arrears. This provision amounted to £7.6m at 31 March 2025 (£7.5m at 31 March 2024).

NOTE 7 - DISTRICT HEATING

Special Services includes the costs of providing District Heating, which in 2024/25 was £4.7m (2023/24 £5.6m). District Heating is self-financing and in 2024/25 was funded from customer receipts of £3.3m (2023/24 £3.6m), drawings of £0.46m were made in 2024/25 from the District Heating reserve (2023/24 a contribution of £0.95m was made).

NOTE 8 - MAJOR WORKS RESERVE

The Major Works Reserve has been set up to account for contributions received from leaseholders to fund major works to their homes, but which have not yet been applied to fund the capital programme. In 2024/25, adjustments to the reserve for the difference between estimated cost and actual cost of works increased the reserve by a total of £1.8m and nil was utilised for capital works.

The balance within this reserve at 31 March 2025 was £10.6m which will be used to fund the capital programme in future years.

COLLECTION FUND

Income and Expenditure for the Year Ended 31 March 2024

2023/24					2024/25			
Council Tax	NNDR	BRS	Total		Council Tax	NNDR	BRS	Total
£m	£m	£m	£m		£m	£m	£m	£m
				Amounts required by statute to be credited to the Collection Fund:				
(171.7)	(182.1)	(6.0)	(359.8)	Income receivable from Council Tax or ratepayers	(185.6)	(212.0)	(6.6)	(404.2)
(0.5)			(0.5)	Council Tax Support Fund reductions to Collection Fund				0.0
		(0.8)	(0.8)	Receipt from LBH/GLA/CLG for previous year's estimated collection fund deficit		(23.3)	(1.0)	(24.3)
(172.2)	(182.1)	(6.8)	(361.1)	Total Income	(185.6)	(235.3)	(7.6)	(428.5)
				Amounts required by statute to be debited to the Collection Fund:				
129.3	58.5		187.8	Precepts and demands from LBH	137.8	55.1		192.9
38.8	72.2	6.6	117.6	Precepts and demands from GLA	42.8	67.9	6.5	117.2
	64.4		64.4	Precepts and demands from Central Government		60.6		60.6
2.7	3.9	0.4	7.0	Provision for uncollectable amounts	2.9	4.1	0.6	7.6
	23.3		23.3	Provision for appeals		1.8		1.8
	(6.9)		(6.9)	Payment of transitional relief		(1.4)		(1.4)
	0.4		0.4	Costs of collection (NDR and Crossrail BRS)		0.4		0.4
	0.3		0.3	Interest paid on refunds to ratepayers		0.3		0.3
10.6	9.8		20.4	Payment to LBH/GLA for previous year's estimated Collection Fund surplus	0.2	0.0		0.2
181.3	225.9	7.0	414.3	Total Expenditure	183.7	188.8	7.1	379.6
9.2	43.8	0.2	53.2	Movement on fund balance (Increase)/Decrease	(1.9)	(46.5)	(0.5)	(48.9)
(9.4)	(16.4)	0.8	(25.0)	Fund Balance brought forward	(0.2)	27.4	1.0	28.2
(0.2)	**27.4**	**1.0**	**28.2**	**Fund Balance carried forward**	**(2.1)**	**(19.1)**	**0.5**	**(20.7)**

There was a significant increase in the provision for NNDR appeals during 2023/24, due to several higher value challenges to the 2017 valuation list submitted to the Valuation Office Agency during the year, in advance of closure of the 2017 list for appeals. This was not repeated for 2024/25.

NOTE 1 - MOVEMENT IN COLLECTION FUND

The level of the Collection Fund balance by organisation is as follows:

	Council Tax			NNDR			
	LBH	GLA	Total	LBH	GLA	CLG	Total
	£m	£m	£m	£m		£m	£m
Fund Balance brought forward at 1 April 2023	7.3	2.0	9.3	4.9	6.1	5.4	16.4
Movement on fund balance Increase/(Decrease) during 2023/24	(7.1)	(2.0)	(9.1)	(13.1)	(16.2)	(14.5)	(43.8)
Fund Balance as at 31 March 2024	**0.2**	**0.0**	**0.2**	**(8.2)**	**(10.1)**	**(9.1)**	**(27.4)**
Movement on fund balance Increase/(Decrease) during 2024/25	1.4	0.5	1.9	13.9	17.2	15.4	46.5
Fund Balance as at 31 March 2025	**1.6**	**0.5**	**2.1**	**5.7**	**7.1**	**6.3**	**19.1**

NOTE 2 - COUNCIL TAX

The Council Tax Base set for 2024/25 was 90,701 Band D equivalent properties, as approved by Cabinet in January 2024. The number of properties and tax set for each property band is shown below. The collection rate for 2024/25 was 98.5%, up from 98% in 2023/24.

2023/24				2024/25		
No of Properties	Band D Equivalents	Tax Set £ p		No of Properties	Band D Equivalents	Tax Set £ p
2,545	1,198	1,254.35	Band A	2,893	1,332	1,327.34
9,248	4,688	1,463.40	Band B	9,192	4,632	1,548.56
28,940	19,581	1,672.46	Band C	29,501	19,999	1,769.78
39,351	32,723	1,881.52	Band D	39,617	33,025	1,991.01
15,645	16,759	2,299.64	Band E	15,749	16,836	2,433.46
6,042	7,862	2,717.75	Band F	6,068	7,904	2,875.90
4009	6,311	3,135.87	Band G	4,035	6,345	3,318.35
989	1,924	3,763.04	Band H	998	1,926	3,982.02
	91,047		Relevant Amount		91,999	
	89,226		Adjusted for Collection Rate 98.00%			
			Adjusted for Collection Rate 98.5%		90,619	
	83	1,881.52	Defence Property		82	1,991.01
106,769	**89,309**		**Total**	**108,053**	**90,701**	

Actual collectable income from Council Tax was:

2023/24				2024/25		
LBH	GLA	Total		LBH	GLA	Total
£m	£m	£m		£m	£m	£m
(132.1)	(39.6)	(171.7)	Billed to Tax Payers	(142.0)	(43.6)	(185.6)
(0.4)	(0.1.)	(0.5)	Council Tax Discounts Paid by General Fund	0.0	0.0	0.0
(132.5)	**(39.7)**	**(172.2)**	**Total Income**	**(142.0)**	**(43.6)**	**(185.6)**

The cumulative arrears of Council Tax including costs at 31 March 2025 were £35.1m and £0.7m was written off during the year.

NOTE 3 – NATIONAL NON-DOMESTIC RATES (NNDR)

The Non Domestic Rating (NDR) Act 2023 received Royal Assent in October 2023. The Act created a number of changes to the way business rates multipliers are calculated and applied which impact the Business Rates Retention system. The Act has de-coupled the small business rating and standard rating multipliers. Previously the standard multiplier was equal to the small business rating multiplier, plus a supplement figure (originally designed to recover the cost of small business rate relief), set at 1.3p above the small multiplier in recent years. From 2024/25, the Government has the discretion to treat the multipliers differently, and announced that the small business rates multiplier would be frozen at 49.9p for 2024/25 while the standard business rates multiplier was uprated in line with September 2023 CPI from 51.2p in 2023/24 to 54.6p in 2024/25. The total rateable value applicable to Hounslow as at 31 March 2025 was £492.9m (£487.2m as at 31 March 2024). The Authority is responsible for collecting rates due from the ratepayers in its area.

During 2024/25, Hounslow did not take part in any business rates retention pool. The shares of business rates retained were London Borough of Hounslow (LBH) 30% (30% in 2023/24), Greater London Authority (GLA) 37% (37% in 2023/24) and Central Government 33% (33% in 2023/24).

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PART 4: GROUP ACCOUNTS

PART 4: GROUP ACCOUNTS

The Authority has to prepare group accounts where it has interests in subsidiaries, associates and/or jointly controlled entities. It has reviewed the relationships it has with its partner organisations and determined that it has one 100% owned subsidiary, Lampton 360, that needs to be consolidated into the following group accounts (Coalo Ltd has been incorporated into Lampton 360 since March 2021). Lampton 360 has 100% owned subsidiaries that have also been consolidated into the accounts. The entities involved are:

- Lampton 360 Ltd:
  - Lampton Recycle 360 Ltd (A 100% owned subsidiary of Lampton 360 Ltd)
  - Lampton GreenSpace 360 Ltd (A 100% owned subsidiary of Lampton 360 Ltd)
  - Lampton Investment 360 Ltd (A 100% owned subsidiary of Lampton 360 Ltd)
  - Lampton Leisure Limited (A 100% owned subsidiary of Lampton 360 Ltd)
  - Lampton Development 360 LLP (A 100% owned subsidiary of Lampton 360 Ltd)
  - Coalo Ltd (previously called Facilities Management 360). Also a 100% owned subsidiary of Lampton 360 Ltd.

In addition the authority has more than half of the voting rights of the Bedfont Lakes Trust, but the results of the organisation have not been incorporated into the group accounts on the grounds of materiality.

There are no significant restrictions on the subsidiaries regarding the transfer of funds to the Authority in the form of cash dividends or to repay loans or advances. The subsidiary entities have reporting periods for accounting purposes that run from 1 April to 31 March, identical to the London Borough of Hounslow's reporting period.

Group Financial Statements

The Authority is required to prepare the key statements to the accounts together with the relevant notes where they are materially different to the reporting authority's accounts.

The following Statements have been prepared, on the going concern basis:

- Group Comprehensive Income and Expenditure Account;
- Group Movement in Reserves statement;
- Group Balance Sheet;
- Group Cash flow statement.

Accounting Policies

There are no material differences between the accounting policies that have been adopted by the subsidiaries and those adopted by the London Borough of Hounslow, as set out from page 79. Where there are differences the impact of applying a consistent policy would not lead to a material change in the group accounts.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the expenditure and income for the group analysed by service and how it was financed.

2023/24				2024/25		
Gross Expenditure	**Gross Income**	**Net Expenditure**		**Gross Expenditure**	**Gross Income**	**Net Expenditure**
£m	£m	£m		£m	£m	£m
0.5	0.0	0.5	Chief Executive's Directorate	0.6	0.0	0.6
117.0	(90.6)	26.4	Finance and Resources	114.3	(90.6)	23.7
270.4	(122.0)	148.4	Children's and Adults' Services	299.5	(139.9)	159.6
205.5	(197.8)	7.7	Maintained Schools	228.9	(217.5)	11.4
103.1	(71.7)	31.4	Regeneration, Housing and Environmental Services	119.6	(83.8)	35.8
28.8	(4.2)	24.6	Communities and Strategy	31.0	(6.0)	25.0
20.9	(3.0)	17.9	ICP, Health and Social Care Integration	22.9	(4.8)	18.1
5.9	(0.2)	5.7	Delivery Plan	4.8	0.1	4.9
55.0	(100.5)	(45.5)	Housing Revenue Account	68.0	(110.3)	(42.3)
0.2	(9.4)	(9.2)	Corporate Items	(2.1)	(9.9)	(12.0)
70.2	(29.6)	40.6	Group subsidiaries	67.8	(27.2)	40.6
877.5	**(629.0)**	**248.5**	Cost Of Services	**955.3**	**(689.9)**	**265.4**
10.0	0.0	10.0	Other Operating Expenditure	11.2	0.0	11.2
18.7	(3.1)	15.6	Financing and Investment Income and Expenditure	13.5	(13.1)	0.4
0.0	(262.5)	(262.5)	Taxation and Non-Specific Grant Income	0.0	(290.4)	(290.4)
906.2	**(894.6)**	**11.6**	Surplus or Deficit on Provision of Services	**980.0**	**(993.4)**	**(13.4)**
		47.0	Surplus or deficit on revaluation of Property, Plant and Equipment			48.6
		(64.5)	Remeasurement of the net defined benefit liability / asset			5.4
		(17.5)	**Other Comprehensive Income and Expenditure**			54.0
		(5.9)	**Total Comprehensive Income and Expenditure**			**40.6**

GROUP MOVEMENT IN RESERVES STATEMENT

This records the increases and decreases in the Group's reserves during the course of the year, including surpluses or deficits of expenditure and income and transfers between reserves.

2024/25												
Group	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves	Authority's share of subsidiaries & associates	Total Group Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 April 2024	(13.8)	(183.5)	(3.6)	(11.4)	(48.1)	(0.8)	(31.7)	(292.9)	(2,373.8)	(2,666.3)	48.0	(2,618.3)
Surplus / deficit on provision of services (accounting basis)	15.3	0.0	(28.7)	0.0	0.0	0.0	0.0	(13.4)	0.0	(13.4)	0.0	(13.4)
Other Comprehensive Expenditure and Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	54.0	54.0	0.0	54.0
Total Comprehensive Expenditure and Income	15.3	0.0	(28.7)	0.0	0.0	0.0	0.0	(13.4)	54.0	40.6	0.0	40.6
Adjustments between Group accounts and authority accounts	(4.6)							(4.6)		(4.6)	4.6	0.0
Net Increase / Decrease before Transfers	10.7	0.0	(28.7)	0.0	0.0	0.0	0.0	(18.0)	54.0	36.0	4.6	40.6
Adjustments between accounting basis & funding basis under regulations	45.5	0.0	25.9	0.0	(1.3)	0.8	(2.6)	68.3	(68.3)	0.0	0.0	0.0
Net Increase / Decrease before Transfers to Earmarked Reserves	56.2	0.0	(2.8)	0.0	(1.3)	0.8	(2.6)	50.3	(14.3)	36.0	4.6	40.6
Transfers to / from Earmarked Reserves	(60.4)	60.4	1.7	(1.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / Decrease in Year	(4.2)	60.4	(1.1)	(1.7)	(1.3)	0.8	(2.6)	50.3	(14.3)	36.0	4.6	40.6
Balance at 31 March 2025	**(18.0)**	**(123.1)**	**(4.7)**	**(13.1)**	**(49.4)**	**0.0**	**(34.3)**	**(242.6)**	**(2,387.7)**	**(2,630.3)**	**52.6**	**(2,577.7)**

2023/24												
Group	**General Fund Balance**	**Earmarked General Fund Reserves**	**Housing Revenue Account**	**Earmarked HRA Reserves**	**Capital Receipts Reserve**	**Major Repairs Reserve**	**Capital Grants Unapplied Account**	**Total Usable Reserves**	**Unusable Reserves**	**Total Reserves**	**Authority's share of subsidiaries & associates**	**Total Group Reserves**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Balance at 1 April 2023	(13.2)	(202.1)	(7.0)	(11.4)	(58.2)	(0.8)	(21.6)	(314.3)	(2,332.6)	(2,646.9)	34.5	(2,612.4)
Surplus / deficit on provision of services (accounting basis)	29.6		(18.0)					11.6		11.6		11.6
Other Comprehensive Expenditure and Income								0.0	(17.5)	(17.5)	0.0	(17.5)
Total Comprehensive Expenditure and Income	29.6	0.0	(18.0)	0.0	0.0	0.0	0.0	11.6	(17.5)	(5.9)	0.0	(5.9)
Adjustments between Group accounts and authority accounts	(13.5)							(13.5)		(13.5)	13.5	0.0
Net Increase / Decrease before Transfers	16.1	0.0	(18.0)	0.0	0.0	0.0	0.0	(1.9)	(17.5)	(19.4)	13.5	(5.9)
Adjustments between accounting basis & funding basis under regulations	1.9		21.4		10.1	0.0	(10.1)	23.3	(23.3)	0.0		0.0
Net Increase / Decrease before Transfers to Earmarked Reserves	18.0	0.0	3.4	0.0	10.1	0.0	(10.1)	21.4	(40.8)	(19.4)	13.5	(5.9)
Transfers to / from Earmarked Reserves	(18.6)	18.6	0.0	0.0				0.0		0.0		0.0
Increase / Decrease in Year	(0.6)	18.6	3.4	0.0	10.1	0.0	(10.1)	21.4	(40.8)	(19.4)	13.5	(5.9)
Balance at 31 March 2024	**(13.8)**	**(183.5)**	**(3.6)**	**(11.4)**	**(48.1)**	**(0.8)**	**(31.7)**	**(292.9)**	**(2,373.8)**	**(2,666.3)**	**48.0**	**(2,618.3)**

GROUP BALANCE SHEET

31 Mar 2024		31 Mar 2025
£m		£m
3,165.2	Property, Plant & Equipment	3,193.5
78.9	Investment Property	89.6
6.3	Intangible Assets	11.0
22.0	Heritage Assets	22.2
2.8	Long-Term Debtors	2.7
3,275.2	Long-Term Assets	3,319.0
57.8	Short-Term Investments	62.0
3.9	Inventories	2.2
93.1	Short-Term Debtors	90.8
15.2	Cash and Cash Equivalents	19.3
169.9	Current Assets	174.3
(97.1)	Short-Term Borrowing	(114.3)
(146.8)	Short-Term Creditors	(173.6)
(10.6)	Short-Term Provisions	(9.2)
(254.5)	Current Liabilities	(297.1)
(2.5)	Long-Term Provisions	(4.6)
(455.6)	Long-Term Borrowing	(498.6)
(71.3)	Other Long-Term Liabilities	(69.0)
(42.9)	Capital Grants Receipts in advance	(46.3)
(572.3)	Long-Term Liabilities	(618.5)
2,618.3	**Net Assets**	**2,577.7**
(292.9)	Usable reserves	(242.6)
(2,373.4)	Unusable Reserves	(2,387.7)
48.0	Reserves (group entities)	52.6
(2,618.3)	**Total Reserves**	**(2,577.7)**

GROUP CASH FLOW

2023/24		2024/25
£m		£m
(11.6)	Net surplus or (deficit) on the provision of services	13.4
61.7	Adjust net surplus or deficit on the provision of services for noncash movements	80.7
(57.1)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(52.6)
(7.0)	Net cash flows from Operating Activities	41.5
(190.4)	Purchase of property, plant and equipment, investment property and intangible assets	(134.7)
13.3	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	13.0
(594.0)	Purchase of long- and short-term investments	(935.8)
604.3	Cash receipts of long- and short-term investments	932.3
43.8	Other receipts relating to investing activities	39.6
(123.0)	Investing Activities	(85.6)
160.0	Cash receipts of short-term and long-term borrowing	122.5
0.0	Net inflow reflecting timing differences in Council Tax and business rates due to/from precepting authorities and central Government	13.0
(3.7)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(3.8)
(4.2)	Repayments of short-term and long-term borrowing	(83.5)
(33.5)	Net outflow reflecting timing differences in Council Tax and business rates due to/from precepting authorities and central Government	0.0
118.6	Financing Activities	48.2
(11.4)	**Net increase or decrease in cash and cash equivalents**	**4.1**
26.6	Cash and cash equivalents at the beginning of the reporting period	15.2
15.2	**Cash and cash equivalents at the end of the reporting period**	**19.3**

NOTES TO THE GROUP ACCOUNTS

Notes to the group accounts are not generally materially different from those for the London Borough of Hounslow's. There are two exceptions which are shown below.

NOTE 1 - LEASES

Authority as lessor:

Operating Leases

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

- To assist in the provision of community services, such as community centres, scout huts, community shops, and office space for some voluntary sector bodies
- To assist in economic development through the provision of suitable affordable accommodation for local businesses.

The future minimum lease payments receivable to the Group under non-cancellable leases in future years are as follows (based on current rents at 31 March 2025 and do not include any assumptions for future rent changes):

2023/24		2024/25
£m		**£m**
5.6	Not later than 1 year	1.5
18.4	Later than one year but not five years	5.9
16.2	Later than five years	19.4
40.2	Total	**26.8**

NOTE 2 - PLANT PROPERTY AND EQUIPMENT

Plant Property and Equipment the group accounts show a net book value as at 31 March 2025 of £3,193.5m which is £189.5m higher than the Authority net book value. This arises as a result of land and buildings, furniture and equipment owned by the subsidiaries.

Movements to 31 March 2025	Council dwellings	Other land and buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
Cost or Valuation	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 Apr 2024	**1,134.5**	**1,604.0**	**57.0**	**21.5**	**3.4**	**208.9**	**3,029.3**
Additions	35.7	26.9	3.7	4.2	0.0	50.0	**120.5**
Accumulated Depreciation Written Out to Gross Carrying Amount	(15.6)	0.0	0.0	0.0	0.0	0.0	**(15.6)**
Revaluation increases/(decreases) recognised in Revaluation Reserve	(139.2)	90.1	0.0	0.5	0.0	0.0	**(48.6)**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Derecognition - disposals	(5.9)	(5.6)	0.0	0.0	0.0	0.0	**(11.5)**
Other movements in cost or valuation	113.4	0.0	0.0	0.0	0.0	(113.4)	**0.0**
At 31 Mar 2025	**1,122.9**	**1,715.4**	**60.7**	**26.2**	**3.4**	**145.5**	**3,074.1**
Accumulated Depreciation and Impairment							
At 1 Apr 2024	(15.6)	(17.2)	(34.3)	(0.1)	0.0	0.0	**(67.2)**
Depreciation charge	(14.7)	(11.9)	(4.1)	0.0	0.0	0.0	**(30.7)**
Accumulated Depreciation Written Out to Gross Carrying Amount	15.6	0.0	0.0	0.0	0.0	0.0	**15.6**
At 31 Mar 2025	(14.7)	(29.1)	(38.4)	(0.1)	0.0	0.0	**(82.3)**
Net Book Value at 31 Mar 2025	**1,108.2**	**1,686.3**	**22.3**	**26.1**	**3.4**	**145.5**	**2,991.9**
Net Book Value at 31 Mar 2024	**1,118.9**	**1,587.0**	**22.7**	**21.4**	**3.4**	**208.9**	**2,962.3**

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

	PPE Excl. Infrastructure assets	Infrastructure Assets	Total Property, Plant and Equipment
	£m	**£m**	**£m**
Net Book Value at 1 Apr 2024	**2,962.3**	**202.9**	**3,165.2**
Additions	120.5	9.3	**129.8**
Accumulated Depreciation Written Out to Gross Carrying Amount	(15.6)	0.0	**(15.6)**
Revaluation increases/(decreases) recognised in Revaluation Reserve	(48.6)	0.0	**(48.6)**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0.0	0.0	**0.0**
Derecognition - disposals	(11.5)	0.0	**(11.5)**
Depreciation charge	(30.7)	(10.6)	**(41.3)**
Accumulated Depreciation Written Out to Gross Carrying Amount	15.6	0.0	**15.6**
Net Book Value at 31 Mar 2025	**2,991.9**	**201.6**	**3,193.5**

Movements to 31 March 2024	Council dwellings	Other land and buildings	Vehicles, plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
Cost or Valuation	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 Apr 2023	**1,202.2**	**1,488.2**	**53.7**	**19.4**	**3.4**	**176.6**	**2,943.5**
Additions	46.6	40.7	3.3	2.0	0.0	84.1	**176.7**
Accumulated Depreciation Written Out to Gross Carrying Amount	(14.1)	(9.3)	0.0	0.0	0.0	0.0	**(23.4)**
Revaluation increases/(decreases) recognised in Revaluation Reserve	(146.6)	99.5	0.0	0.1	0.0	0.0	**(47.0)**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0.0	(9.0)	0.0	0.0	0.0	0.0	**(9.0)**
Derecognition - disposals	(5.4)	(6.1)	0.0	0.0	0.0	0.0	**(11.5)**
Other movements in cost or valuation	51.8	0.0	0.0	0.0	0.0	(51.8)	0.0
At 31 Mar 2024	**1,134.5**	**1,604.0**	**57.0**	**21.5**	**3.4**	**208.9**	**3,029.3**
Accumulated Depreciation and Impairment							
At 1 Apr 2023	(14.1)	(15.6)	(30.5)	(0.1)	0.0	0.0	**(60.4)**
Depreciation charge	(15.6)	(10.7)	(3.7)	0.0	0.0	0.0	**(30.0)**
Accumulated Depreciation Written Out to Gross Carrying Amount	14.1	9.3	0.0	0.0	0.0	0.0	**23.4**
At 31 Mar 2024	(15.6)	(17.0)	(34.3)	(0.1)	0.0	0.0	**(67.0)**
Net Book Value at 31 Mar 2024	**1,118.9**	**1,587.0**	**22.7**	**21.4**	**3.4**	**208.9**	**2,962.3**
Net Book Value at 31 Mar 2023	**1,188.1**	**1,472.6**	**23.1**	**19.3**	**3.4**	**176.6**	**2,883.1**

Movements to 31 March 2024	PPE Excl. Infrastructure assets	Infrastructure Assets	Total Property, Plant and Equipment
	£m	£m	£m
Net Book Value at 1 Apr 2023	**2,883.1**	**202.6**	**3,085.7**
Additions	176.7	10.4	**187.1**
Accumulated Depreciation Written Out to Gross Carrying Amount	(23.4)	0.0	**(23.4)**
Revaluation increases/(decreases) recognised in Revaluation Reserve	(47.0)	0.0	**(47.0)**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(9.0)	0.0	**(9.0)**
Derecognition – disposals	(11.5)	0.0	**(11.5)**
Depreciation charge	(30.0)	(10.1)	**(40.1)**
Accumulated Depreciation Written Out to Gross Carrying Amount	23.4	0.0	**23.4**
Net Book Value at 31 Mar 2023	**2,962.3**	**202.9**	**3,165.2**

PART 5: PENSION FUND ACCOUNTS

PART 5: PENSION FUND ACCOUNTS

The London Borough of Hounslow Pension Fund (the Fund) provides for the payment of pensions and other benefits to former employees of the Authority and certain admitted and scheduled bodies. A separate annual report is published and is available via https://www.wypf.org.uk/publications/report-accounts/hounslow-pension-fund-report-and-accounts/ to all including pensioners, members with deferred benefits and employees of the Authority who are members of the pension scheme. The annual report sets out the Fund's Statement of Investment Principles.

Responsibility for the overall direction of the Fund's investment policy rests with the Authority's Pension Fund Panel taking account of the advice of the Executive Director of Finance and Resources. These accounts will be approved at the Panel's meeting in September 2025. The accounts summarise the transactions and net assets of the scheme.

In implementing the Fund's investment policy, the Authority has appointed the following external investment managers; Aberdeen Standard Investments, BlackRock Investment Management Ltd, CBRE Global Investments Ltd, CCLA Investment Management Ltd, Columbia Threadneedle Investments Ltd and Fidelity International Ltd.

Additionally, the Authority has placed assets under management with the London Collective Investment Vehicle (LCIV), the organisation set up to run pooled LGPS investments in London. The Fund holds investments in the LCIV Global Equity Focus Fund (underlying manager is Longview Partners (Guernsey) Ltd), the LCIV Sustainable Equity Fund (underlying manager is RBC Global Asset Management (UK) Ltd), LCIV Long Duration Buy and Maintain Credit Fund (underlying manager is Insight Investment Management Ltd) and the LCIV Renewable Infrastructure Fund (underlying managers are Blackrock Financial Management, Inc, Foresight Group, Macquarie Asset Management, Quinbrook Infrastructure Partners and Stonepeak Global Renewables Associated (Lux) and Blackrock Investment Management (UK) Ltd).

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2025

2023/24 £m		2024/25 £m	Notes
	Dealings with members, employers and others directly involved in the Fund		
	Contributions		
35.0	From employers	38.2	6
11.7	From employees	12.5	6
7.0	Individual transfers in from other pension funds	7.1	
53.7		**57.8**	
	Benefits		
(42.5)	Pensions	(46.4)	7
(8.9)	Commutation, lump sum retirement and death benefits	(12.2)	7
	Payments to and on account of leavers		
(5.9)	Individual transfers out to other pension funds	(9.9)	
(0.3)	Refunds to members leaving service	(0.2)	
(57.6)		**(68.7)**	
(3.9)	**Net withdrawals from dealings with members**	**(10.9)**	
(5.5)	Management expenses	(9.3)	8
(9.4)	**Net withdrawals including fund management expenses**	**(20.2)**	
	Returns on investments		
33.7	Investment income	36.1	9
94.9	Profit and loss on disposal of investments and change in the market value of investments	15.0	12
128.9	**Net returns on investments**	**51.1**	
119.2	**Net increase/(decrease) in the net assets available for benefits during the year**	**30.9**	
1,212.8	**Opening net assets of the Fund**	**1,332.0**	
1,332.0	**Closing net assets of the Fund**	**1,362.9**	

NET ASSETS STATEMENT AS AT 31 MARCH 2025

31 March 2024		31 March 2025		Notes
£m		£m		
	Investment assets			
268.6	Equities	312.7		12
1,007.6	Pooled investment vehicles	1,017.7		11
0.4	Private equity	0.3		12
0.2	Long-term investment	0.2		12
12.7	Cash (money market fund)	8.8		12
	Other investment balances:			
2.7	Investment income due	2.7		12
32.0	Cash deposits	0.1		
1,324.2		**1,355.8**		
	Investment liabilities			
-	Amounts payable for purchase of investments	(0.1)		12
1,324.2	**Net value of investments assets**	**1,355.7**		
0.2	Long-term debtors	0.2		
9.9	Current assets	10.3		17
(2.3)	Current liabilities	(3.3)		18
1,332.0	**Net assets of the Fund available to fund benefits at the period end**	**1,362.9**		

Note: The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in Note 16

NOTES TO THE FUND ACCOUNTS 2024/25

NOTE 1 – DESCRIPTION OF THE LONDON BOROUGH OF HOUNSLOW PENSION FUND

a) General

The Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by the London Borough of Hounslow. The Fund is a contributory defined benefit scheme established in accordance with statute, which provides for the payment of benefits to employees and former employees of the London Borough of Hounslow and the admitted and scheduled bodies in the Fund. These benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. The benefits payable in respect of service from 1st April 2014 are based on career average revalued earnings and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index.

The Fund is governed by the Public Service Pensions Act 2013 and the following secondary legislation; the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended), the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended), and the LGPS (Management and Investment of Funds) Regulations 2016 (as amended).

b) Governance

The Pension Fund Panel has delegated responsibility from the Council to decide the most appropriate policy for pension fund investments, taking account of the advice of the Executive Director of Finance and Resources. The Pension Fund Panel also agrees pension fund policies including administration. The Pension Board was set up in 2015 in line with

Section 5 of the Public Service Pensions Act 2013, to oversee the governance arrangements of the Pension Fund and to assist the Council in complying with LGPS and other regulations relating to the Fund. The Executive Director of Finance and Resources is responsible for the preparation of the Pension Fund Statement of Accounts.

Further details on the governance arrangements of the Pension Fund can be found in the London Borough of Hounslow Pension Fund Annual Report which is published by 1 December each year: https://www.wypf.org.uk/publications/report-accounts/hounslow-pension-fund-report-and-accounts/.

c) Membership

Although Scheme employers are required to auto enrol employees into the LGPS, membership of the LGPS is voluntary and employees are free to choose whether to remain in the scheme or to "opt out" and make their own personal arrangements outside the scheme. There are 65 employers within the Fund. Organisations participating in the Fund, and whose staff are automatically entitled to be members of the Fund, include:

- Scheduled bodies are organisations which have a statutory right to be a member of the Local Government Pension Scheme under the regulations e.g. academy schools.
- Admitted bodies participate in the pension scheme under an admission agreement made between the administering authority and the employing organisation.

More information is available on the LGPS scheme on https://www.wypf.org.uk. This site is managed by West Yorkshire Pension Fund who are the Fund's pension benefits administrator.

The following table summarises the membership numbers of the scheme:

31 March 2024		31 March 2025
No.		**No.**
65	Number of employers	75
	Number of employees in scheme	
4,773	Council	4,802
2,126	Other employers	1,997
6,899	**Total**	**6,799**
	Pensioners	
6,910	Council	7,118
1,632	Other employers	1,751
8,542	**Total**	**8,869**
	Deferred pensioners	
6,114	Council	6,002
1,661	Other employers	1,693
7,775	**Total**	**7,695**
23,216	**Total number of members in scheme**	**23,363**

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average revalued earnings (CARE) scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index. There are a range of other benefits provided under the scheme including early retirement, disability pensions, and death benefits. This is summarised in the following table:

	Service: Pre 1 April 2008	Service: 1 April 2008 to 31 March 2014	Service: Post 1 April 2014
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.	Each year worked is accrued at 1/49 of pensionable pay for the year.
Lump sum	Automatic lump sum of 3 x pension. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	

London Borough of Hounslow Pension Fund provides an additional voluntary contributions (AVC) scheme for its members. The contributions are invested separately from the LGPS fund. The Fund has appointed Standard Life as its active AVC provider. Utmost Life and Pensions (formerly Equitable Life) was the previous AVC provider but is now closed to new members. AVCs are paid to the providers by employers and specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

e) Funding

The Fund is financed by contributions from employees, the Council, the admitted and scheduled bodies and from interest and dividends on the Fund's investments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employers also pay contributions into the Fund based on triennial funding valuations. The 31 March 2022 valuation covers the three financial years to 31 March 2026.

f) Investment Principles

The The LGPS (Management and Investment of Funds) Regulations 2016 require administering authorities to prepare and review, from time to time, a written statement recording the investment policy of the Fund. The Pension Fund Panel approved an Investment Strategy Statement in June 2023, and this is available at the link below. The Statement shows the Fund's compliance with the Myners principles of investment management. www.wypf.org.uk/media/3532/investment-strategy-statement-june-2023.pdf

The Pension Fund Panel has delegated the management of the Fund's investments to external investment managers (see Note 10) appointed in accordance with regulations, and whose activities are specified in detailed investment management agreements and monitored on a quarterly basis.

NOTE 2 – BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Statement of Accounts summarise the Fund's transactions for the financial year 2024/25 and its position as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

Going Concern

The Pension Fund Accounts have been produced on a going concern basis. This is assessed by management looking at the investment returns and diversification, cashflow forecasts and liquidity, membership trends and delivery of any agreed recovery plans. Over the year from April 2024 to March 2025, there has been volatility in the market mainly caused by the impact of the Ukraine and Russia conflict and toward the end of the year by USA tariffs that affected all funds. However, the fund performance shows that it was able to meet all obligations without having to liquidate assets and that the diversity of the portfolio continued to support the cashflow with expected distributions.

The 2022 valuation results also showed an improvement in the funding level from 95% to 104%. The next valuation at March 2025, has commenced and the funding level is expected to be maintained. As a result of past performance and the outlook and the long-term nature of the fund, management is satisfied that the Fund is a going concern.

The Pension Fund Accounts have been prepared on an accruals basis except for individual transfers. (see note 3b)

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Asset Statement, in the notes to the accounts, or by appending an actuarial report prepared for this purpose. The Authority has opted to disclose this information in Note 16.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – Revenue Recognition

a) Contribution Income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis. The employer contribution rate is set at a percentage rate recommended by the actuary in the payroll period to which they relate. Employee contribution rates are based on employee salaries, set annually in accordance with LGPS regulations.

Employer deficit funding 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.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. 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.

c) Investment Income

Investment income is reported gross of withholding taxes which are accrued in line with the associated investment income. Investment income arising from the underlying investments of the Pooled Investment Vehicles is either reinvested within the Pooled Investment Vehicles and reflected in the unit price or taken as a cash dividend to support the Fund's outgoing cash flow requirements.

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

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is recognised as a current financial asset in the net asset statement.

Where the amount of an income distribution has not been received from an investment manager by the balance sheet date, an estimate based upon the market value of their mandate at the end of the year is used.

Changes in the net market value of investments are recognised as income or expenditure and comprise all realised and unrealised profits and losses during the year.

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. Investment income is reported gross of withholding tax.

Fund Account – Expense Items

d) Benefits Payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Lump sums are accounted for in the period in which the member becomes a pensioner. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

e) Taxation

The Fund is an exempt approved fund under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. As the Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. Where tax can be reclaimed, investment income in the accounts is shown gross of UK tax. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) Management Expenses

The Code does not require breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the Council discloses its Pension Fund management expenses in accordance with the CIPFA guidance: Accounting for Local Government Pension Scheme Management Expenses (2016 Edition). The profit and loss on disposal of investments and changes in the market value of investments also takes account of the fees which have been deducted at source.

Administrative Expenses	All administrative expenses are accounted for on an accruals basis.
Oversight and Governance	Oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged to the Fund. Associated management, accommodation, and other overheads are apportioned to this activity and charged as expenses to the Fund. The cost of obtaining investment advice from the external advisor is included in oversight and governance costs.
Investment Management Expenses	All investment management expenses are accounted for on an accruals basis. The Pension Fund Panel has appointed external investment managers to manage the investments of the Fund. Fees of the investment managers and custodian are agreed in the respective mandates governing their appointments. Managers are paid a fee based on the market value of the investments they manage and/or a fee based on performance. Where an investment manager's fee note has not been received by the balance sheet date, an estimate based upon the market value of the mandate as at the end of the year is used for inclusion in the fund account. The costs of the Council's in-house management team are charged directly to the Fund and a proportion of the Council's costs representing management time spent by officers on investment management is also charged to the Fund.

Net Assets Statement

g) Financial Assets

Financial assets are included in the net assets statement on a fair value or amortised cost basis as at the reporting date. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the value of the asset are recognised in the Fund account.

The values of investments as shown in the net asset statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 13c). 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). Quoted securities and pooled investment vehicles have been valued at the bid price and fixed interest securities are recorded at net market value based on their current yields at the balance sheet date. Quoted securities are valued by the Fund's custodian and pooled investment vehicles at the published bid prices or those quoted by their managers. Investments in private equity funds are valued based on the Fund's share of the net assets in the private equity fund using the latest financial statements published by the respective fund managers in accordance with the International Private Equity and Venture Capital Valuation Guidelines (December 2018). All other assets are valued at amortised cost.

h) Foreign Currency Transactions

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

i) Cash and Cash Equivalents

Cash comprises cash in hand and deposits with financial institutions which are repayable on demand without penalty and includes amounts held by the Fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

j) Financial Liabilities

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

k) **Actuarial Present Value of Promised Retirement Benefits**

The actuarial present value of promised retirement benefits should be disclosed and based on the requirements of IAS 19 Post-Employment Benefits and relevant actuarial standards. As permitted under the Code, the financial statements include a note disclosing the actuarial present value of retirement benefits (see Note 16).

l) Additional Voluntary Contributions

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note (Note 19).

m) Contingent Assets, Contingent Liabilities and Contractual Commitments

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events. A contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the year-end accounting period to measure the value of the financial obligation reliably.

A contractual commitment is a legally binding obligation arising from a contract under which an entity is obligated to expend money or resources at a future date. This commitment necessitates the future delivery of goods, services, or funds based on the terms agreed upon in the contract.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes (Note 21).

NOTE 4 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 3 above, the Council is required to disclose critical judgements about complex transactions or those involving uncertainty about future events. There were no such critical judgements made during 2024/25.

NOTE 5 – ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates, and assumptions that affect the reported values of assets and liabilities as at the balance sheet date, as well as the reported income and expenditure during the year. These estimates are based on historical experience, current trends, and other relevant factors. However, because they involve a degree of uncertainty, actual outcomes may differ from those estimates.

The items in the Fund's accounts for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Barnet Waddingham, the actuary to the Fund uses a combination of demographic and financial assumptions that are consistent with IAS19 to estimate the net liability to pay pensions. (see note 16 for details of assumptions)	The effect of a percentage change in these factors would result in a change in the monetary value of the liabilities owed to members
Pooled Property, Infrastructure, Private Debt, and Private Equity Funds	The Pension Fund holds investments in pooled property, infrastructure, private debt, and private equity funds. These assets are illiquid and not publicly traded, and as such are classified as Level 3 in the fair value hierarchy. Valuations are provided by the fund managers and are based on a range of unobservable inputs including comparable market data, third-party valuations, indices, and	The precise impact of changes in valuation assumptions cannot be reliably quantified. However, the value of these assets as at 31 March 2025 is £102.9m (2023/24: £73.7m), The range of sensitivity that have been applied to

	forecast cashflows. Due to the subjective nature of these inputs, there is inherent estimation uncertainty in the reported valuations.	these assets and the impact of changes can be found in note 14 under market price risk.

NOTE 6 – CONTRIBUTIONS RECEIVABLE

Employee contributions are calculated on a tiered basis, with rates applied as a percentage of each member's pensionable pay in accordance with LGPS regulations. Employer contributions covering the administering authority, scheduled bodies, and admitted bodies, are set by the Fund's actuary as part of the triennial valuation process, with the aim of ensuring the long-term solvency and sustainability of the Fund.

The tables below provide a breakdown of total contributions received during the financial year, first by type of employer, and then by contribution category.

	By type of employer	
2023/24 £m		**2024/25 £m**
35.4	Administering Authority	38.1
8.4	Scheduled Bodies	9.0
2.9	Admitted Bodies	3.6
46.7	**Total**	**50.7**

	By category	
2023/24 £m		**2024/25 £m**
11.7	Employee Normal Contributions	12.5
	Employer Contributions:	
34.3	Normal	36.4
0.6	Deficit funding	0.7
0.1	Augmentation	1.1
46.7	**Total**	**50.7**

NOTE 7 – BENEFITS PAYABLE

The tables below provide a breakdown of the total benefits payable by the Fund during the year, first by type of employer and then by benefit category.

	By type of employer	
2023/24 £m		**2024/25 £m**
44.4	Administering Authority	48.6
3.3	Scheduled Bodies	4.3
3.7	Admitted Bodies	5.7
51.4	**Total**	**58.6**

	By category	
2023/24 £m		**2024/25 £m**
42.5	Pensions	46.4
7.8	Commutation and lump sum retirement benefits	10.6
1.1	Lump sum death benefits	1.6
51.4	**Total**	**58.6**

NOTE 8 – MANAGEMENT EXPENSES

The table below provides a breakdown of management expenses incurred by the Fund during the financial year, analysed by category.

2023/24 £m		2024/25 £m
1.2	Administration	1.2
0.3	Oversight and governance	0.2
4.0	Investment management	7.9
5.5	**Total**	**9.3**

Investment management expenses have been grossed up to include fees that are netted off within investment valuations, in accordance with CIPFA's guidance Accounting for Local Government Pension Scheme Management Expenses (2016 Edition). This adjustment increases both the reported investment management expenses and the change in market value of investments equally, with no effect on the Fund's overall net asset position.

Included with the oversight and governance costs are external audit fees for the Fund, which totalled £84k in 2024/25 (2023/24: £77k).

NOTE 8A – INVESTMENT MANAGEMENT EXPENSES

The table below provides a detailed breakdown of investment management expenses incurred during the financial year, analysed by category.

2023/24 £'000		2024/25 £'000
3,573	Management fees	3,794
0	Performance Fees	3,557
400	Transaction costs	482
54	Custody fees	67
4,027	**Total**	**7,900**

Transaction costs represent incremental expenses that are directly attributable to the acquisition or disposal of investment assets. These costs would not have been incurred had the Fund not undertaken the transaction, and typically include broker commission, advisory fees, agent charges, anti-dilution levies, regulatory fees, exchange charges, and applicable taxes or duties.

Performance-related fees totalled £3.557m in 2024/25 (2023/24: nil) and relate to specific investment mandates where performance exceeded predefined benchmarks.

NOTE 9 – INVESTMENT INCOME

The table below provides a breakdown of investment income earned by the Fund during the year:

2023/24		2024/25
£m		£m
10.5	Dividends from equities	6.9
22.2	Income from pooled investments	28.4
1.0	Interest on cash deposits	0.8
33.7		**36.1**

Investment incomes include distributions from pooled investment vehicles, dividends from directly held equities, and interest earned on cash and short-term deposits.

NOTE 10 – INVESTMENT MANAGEMENT ARRANGEMENTS

As at 31 March 2025, the Fund's investment portfolio was managed by the following external investment managers:

- Aberdeen Standard Investments
- BlackRock Investment Ltd
- CBRE Global Investors Ltd
- CCLA Investment Management Ltd
- Columbia Threadneedle Investments Ltd
- Fidelity International Ltd
- London LGPS CIV Limited (LCIV)

All fund managers operate under Investment Management Agreements (IMAs) or pooled fund arrangements that set out their mandates and restrictions. Managers have delegated authority to invest within the parameters set by the Pension Fund Panel. Each fund manager has been appointed with clearly defined strategic benchmarks, against which performance is assessed.

The Fund has been a shareholder in London LGPS CIV Limited (LCIV), the pooled investment vehicle for London local government pension schemes, since 2016. The Fund holds £150k of unlisted UK equity shares in LCIV as regulatory capital.

Northern Trust has acted as the Fund's global custodian since February 2007, and is responsible for the safekeeping of assets, settlement of transactions, and collection of investment income.

The Fund's bank account is held with National Westminster Bank plc.

Market Value of Investments by Fund Manager:

The table below shows the market value and proportion of investments managed by each fund manager as at 31 March 2025:

31 March 2024				31 March 2025	
Market Value		Fund Manager	Mandate	Market Value	
£m	%			£m	%
		Managed via LCIV regional asset pool:			
193.2	14.6%	Insight Investment Management Ltd	Bonds	185.8	13.7%
154.5	11.7%	Longview Partners (Guernsey) Ltd	Global Equities	152.3	11.2%
112.5	8.5%	RBC Global Asset Management (UK) Ltd	Sustainable Equities	114.1	8.4%
0.0	0.0%	CQS and PIMCO Europe Ltd	Multi-Asset Credit***	70.0	5.2%
0.0	0.0%	London CIV	Private Debt**	21.3	1.6%
22.3	1.7%	London CIV	Infrastructure*	28.0	2.1%
0.2	0.0%	London CIV	Share Capital	0.2	0.0%
482.7	**36.5%**	**Total Pooled**	**Sub-Total**	**571.7**	**42.2%**
		Managed outside LCIV:			
601.0	45.4%	BlackRock Investment Ltd	Global Balanced	651.7	48.1%
49.3	3.7%	Aberdeen Standard Investments	Global Balanced	26.8	2.0%
125.9	9.5%	Fidelity International Ltd	Multi-Asset Income***	39.3	2.9%
33.6	2.5%	Columbia Threadneedle Investments Ltd	Property	35.6	2.6%
16.8	1.3%	CBRE Global Investors Ltd	Property	17.1	1.3%
0.4	0.0%	CCLA Investment Management Ltd	Property	0.4	0.0%
0.4	0.0%	Various	Private Equity	0.3	0.0%
827.4	**62.4%**	**Total Outside Pool**	**Sub-Total**	**771.2**	**56.9%**
14.1	1.1%	Internal	Cash deposits	12.8	0.9%
1,324.2	**100.0%**	**Total investments at 31 March**		**1,355.7**	**100.0%**

Investment Commitments and Strategic Changes:

* In March 2022, the Fund committed £40m to the LCIV Renewable Infrastructure Fund.

- As at 31 March 2025, the outstanding commitment was £13.9m (Note 21).

** In November 2024, the Fund committed £70m to the LCIV Private Debt II Fund.

- As at 31 March 2025, the outstanding commitment was £48.5m (Note 21).

*** Following the 2022 triennial valuation, the Fund undertook a review of its Strategic Asset Allocation, with changes scheduled for phased implementation over subsequent years. As part of this strategy, the following transactions took place during 2024/25:

- A partial divestment of £85m from Multi-Asset Income investment managed by Fidelity International Ltd.
- An investment of £70m into the LCIV Multi-Asset Credit Fund.
- The remaining £15m was retained within the Fund to maintain adequate liquidity and to meet future capital calls associated with commitments to the LCIV Private Debt II Fund and the LCIV Renewable Infrastructure Fund.

Concentration of Investments:

The following individual investments exceeded 5% of the net assets of the Fund as at 31 March 2025:

31 March 2024			31 March 2025	
Market Value		Asset Name	Market Value	
£m	%		£m	%
265.3	19.9	Blackrock ACS World ex UK Equity Tracker	277.5	20.4
193.2	14.5	LCIV – Long Duration Buy & Maintain Credit Fund	185.8	13.6
154.5	11.6	LCIV -Longview Partners Global Equity Fund	152.3	11.2
112.5	8.4	LCIV - RBC Sustainable Equity Fund	114.1	8.4
-	0.0	LCIV – Multi-Asset Credit Fund	70.0	5.1
125.9	9.5	Fidelity Multi-Asset Income Fund	-	0.0
851.4	**63.9**		**799.70**	**58.7**

Note: as at 31 March 2025, the value of the Fidelity Multi-Asset Income Fund has decreased to £39.3m (2023/24: £125.9m), and it no longer represented more than 5% of the Fund's net assets.

NOTE 11 – POOLED INVESTMENTS

The table below provides a breakdown of the Pension Fund's holdings in pooled investment vehicles by asset class:

31 March 2024	31 March 2025

£m	Asset Class	£m
254.1	Bonds	238.4
554.5	Equities	567.6
22.3	Infrastructure	28.0
0.0	Multi-Asset Credit	70.0
125.9	Multi-Asset Income	39.3
0.0	Private Debt	21.3
50.8	Property	53.1
1,007.6	**Total**	**1,017.7**

All investments held through pooled investment vehicles are valued at fair value as at 31 March 2025. Movements between years reflect the Fund's strategic asset allocation decisions, market performance, and subscriptions or redemptions made during the year.

NOTE 12 – RECONCILIATION OF MOVEMENT IN INVESTMENTS

The table below provides a reconciliation of the movement in the market value of the Fund's investments during the financial years ending 31 March 2024, and 31 March 2025. All investment assets are stated at fair value.

Market value as at 31 March 2024		Purchases during the year	Sales during the year	Change in Market value during the year	Market value as at 31 March 2025
£m	**Financial Assets**	**£m**	**£m**	**£m**	**£m**
268.6	Equities	58.4	(47.6)	33.3	312.7
956.8	Pooled Investment Vehicle	113.7	(85.3)	(20.6)	964.6
50.8	Property	0.0	0.0	2.3	53.1
0.4	Private Equity	0.0	(0.1)	0.0	0.3
0.2	Long-term Investment	0.0	0.0	0.0	0.2
12.7	Cash (Money Market Fund)	34.7	(38.6)	0.0	8.8
1,289.5	**Total**	**206.8**	**(171.6)**	**15.0**	**1,339.7**
	Other investment balances:				
32.0	Cash Deposits				13.3
2.7	Investment Income				2.7
0.0	Amounts Receivable for Sales				0.1

0.0	Amounts Payable for Purchases				(0.1)
1,324.2	**Net investment assets**			**15.0**	**1,355.7**

Market value as at 31 March 2023		Purchases during the year	Sales during the year	Change in Market value during the year	Market value as at 31 March 2024
£m	**Financial Assets**	£m	£m	£m	£m
380.3	Equities	63.5	(204.3)	29.1	268.6
730.7	Pooled Investment Vehicle	407.4	(247.9)	66.6	956.8
51.5	Property	0.0	0.0	(0.7)	50.8
0.7	Private Equity	0.0	(0.2)	(0.1)	0.4
0.2	Long-term Investment	0.0	0.0	0.0	0.2
8.0	Cash (Money Market Fund)	18.3	(13.6)	0.0	12.7
1,171.4	**Total**	**489.2**	**(466.0)**	**94.9**	**1,289.5**
	Other investment balances:				
28.6	Cash Deposits				32.0
3.4	Investment Income				2.7
(0.1)	Amounts Payable for Purchases				0.0
1,203.3	**Net investment assets**			**94.9**	**1,324.2**

NOTE 13A – CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below summarises the classification of the Fund's financial instruments in accordance with IFRS 9, as at 31 March 2025. Financial assets and liabilities are classified into appropriate categories based on the nature of the instrument and how it is measured.

31 March 2024				31 March 2025		
Fair value through profit and loss	Assets at amortised cost	Financial liabilities at amortised cost		Fair value through profit and loss	Assets at amortised cost	Financial liabilities at amortised cost
£m	£m	£m		£m	£m	£m
			Financial Assets			
268.6			Equities	312.7		

1,007.6			Pooled Investment Vehicle	1,017.7		
0.4			Private Equity	0.3		
0.2			Long-term Investment	0.2		
	12.7		Cash (Money Market Fund)		8.8	
	32.0		Cash Deposits		13.3	
	2.7		Investment Income		2.7	
	0.0		Amounts Receivable for Sales		0.1	
	4.2		Debtors		4.2	
	5.9		Cash at Bank		6.3	
1,276.8	**57.5**	**0.0**	**Total Financial assets**	**1,330.9**	**35.4**	**0.0**
			Financial Liabilities			
		0.0	Amounts Payable for Purchases			(0.1)
		(2.3)	Creditors			(3.3)
		(2.3)	**Total Financial liabilities**			**(3.4)**
1,276.8	**57.5**	**(2.3)**	**Net Assets**	**1,330.9**	**35.4**	**(3.4)**

NOTE 13B – NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

The table below summarises the net gains and losses arising from changes in the fair value of the Fund's financial instruments. These gains and losses are recognised in the Fund Account under "Returns on Investments".

2023/24		2024/25
£m		**£m**
	Financial assets	
94.9	Fair value through profit and loss	15.0
94.9	**Total Financial assets**	**15.0**

NOTE 13C –VALUATION OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

All investments are valued at fair value in accordance with the requirements of the CIPFA Code of Practice and IFRS 13. The determination of fair value is based on a three-level hierarchy that reflects the reliability of the inputs used in the valuation process, with preference for observable market data where available. There were no changes to the valuation techniques used during the year.

Level 1 – Quoted Market Values:

Financial instruments in this category are valued using unadjusted quoted prices in active markets for identical assets or liabilities. These typically include quoted equities, government bonds, and unit trusts. The valuation is based on bid prices obtained directly from the relevant stock exchange.

Level 2 – Observable Inputs:

These instruments do not have directly quoted prices but are valued using inputs that are observable either directly or indirectly. This typically includes pooled investment vehicles valued using Net Asset Value (NAV) pricing where the NAV is based on underlying observable market date. Examples include some unlisted but regularly priced pooled funds.

Level 3 – Unobservable Inputs:

Instruments classified in this category rely on significant inputs that are not based on observable market data. Valuation techniques may involve the use of estimated cashflows, multiples of earnings or revenue, and peer comparisons. This includes private equity, private debt, infrastructure, and property investments where valuations are typically based on the Fund’s share of underlying net assets as reported by fund managers.

The table below sets out the valuation basis applied to each class of investment as at the reporting date:

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments - equities	Level 1	Quoted bid price on the final day of the accounting period	Not applicable	Not applicable
Cash and cash equivalents	Level 1	Carrying value approximates fair value due to short-term nature	Not applicable	Not applicable
Investment debtors and creditors	Level 1	Carrying value approximates fair value due to short-term nature	Not applicable	Not applicable
Pooled investments – equities and bonds	Level 2	Closing bid price or single price, depending on the fund pricing structure	NAV-based pricing using evaluated price feeds	Not considered materially sensitive due to the use of observable market data
Pooled investments – property	Level 3	NAV-based pricing reflecting the Fund's share of underlying assets	NAV reflects independent property valuations in line with RICS standards	Valuations are sensitive to changes in rental income assumptions, occupancy rates, and market discount rates
Pooled investments – infrastructure funds	Level 3	NAV-based pricing reflecting the Fund's share of underlying assets	Forward pricing based on forecast cashflows and estimated asset values	Sensitive to changes in projected cash flows, regulatory developments, or cost assumptions
Private equity funds	Level 3	Share of net assets based on valuation reports provided by fund managers	Valued in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018)	Valuations may be impacted by changes in expected future cash flows or discrepancies between unaudited and audited financial statements of underlying investments

The table below analyses the Fund's financial assets and liabilities measured at fair value, grouped by the level of the fair value hierarchy as defined in IFRS 13:

Level 1 – Quoted market values in active markets for identical assets
Level 2 – Valuation techniques using observable inputs other than quoted prices
Level 3 – Valuation techniques using significant unobservable inputs

31 March 2024					31 March 2025			
Quote Marke Price	Using Observable Inputs	With Significant Unobservable Inputs	Total		Quote Marke Price	Using Observable Inputs	With Significant Unobservable Inputs	Total
Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
£m	£m	£m	£m		£m	£m	£m	£m
				Financial assets at fair value through profit and loss				
268.6			268.6	Equities	312.7			312.7
	934.5	22.3	956.8	Pooled Investment Vehicles		915.3	49.3	964.6
		50.8	50.8	Property			53.1	53.1
		0.4	0.4	Private Equity			0.3	0.3
		0.2	0.2	Long-term Investment			0.2	0.2
				Financial assets at amortised cost				
12.7			12.7	Cash (Money Market Fund)	8.8			8.8
32.0			32.0	Cash Deposits	13.3			13.3
2.7			2.7	Investment Income	2.7			2.7
0.0			0.0	Amounts Receivable for Sales of Investments	0.1			0.1
316.0	**934.5**	**73.7**	**1,324.2**	**Total Financial Assets**	**337.6**	**915.3**	**102.9**	**1,355.8**
				Financial liabilities at amortised cost				
0.0			0.0	Amounts Payable for Purchases of Investments	(0.1)			(0.1)
0.0	**0.0**	**0.0**	**0.0**	**Total Financial Liabilities**	**(0.1)**	**0.0**	**0.0**	**(0.1)**
316.0	**934.5**	**73.7**	**1,324.2**	**Net Investment Assets**	**337.5**	**915.3**	**102.9**	**1,355.7**

NOTE 13D –RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

The following table provides a reconciliation of movements in the fair value of financial instruments categorised within Level 3 of the fair value hierarchy:

Market value as at 31 March 2024		Purchases	Sales	Unrealised Gains/(Losses)	Market value as at 31 March 2025
£m		£m	£m	£m	£m
50.8	Property	0.0	0.0	2.3	53.1
22.3	Infrastructure	7.0	0.0	(1.3)	28.0
0.0	Private Debt	21.4	0.0	(0.1)	21.3
0.4	Private Equity	0.0	(0.1)	0.0	0.3
0.2	Long-term Investment	0.0	0.0	0.0	0.2
73.7	**Total**	**28.4**	**(0.1)**	**0.9**	**102.9**

Market value as at 31 March 2023		Purchases	Sales	Unrealised Gains/(Losses)	Market value as at 31 March 2024
£m		£m	£m	£m	£m
51.5	Property	0.0	0.0	(0.7)	50.8
17.7	Infrastructure	5.4	0.0	(0.8)	22.3
0.7	Private Equity	0.0	(0.2)	(0.1)	0.4
0.2	Long-term Investment	0.0	0.0	0.0	0.2
70.1	**Total**	**5.4**	**(0.2)**	**(1.6)**	**73.7**

NOTE 14 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and Risk Management

The Fund's principal long-term risk is that its assets may fall short of its liabilities, namely the benefits promised to members. Investment risk management aims to mitigate the probability of a reduction in the overall value of the Fund while seeking to maximise returns. This is primarily achieved through a diversified investment strategy that manages exposures to key risks e.g., market risk (including price, interest rate, and currency risks), credit risk, and liquidity risk.

The Pension Fund Panel has overall responsibility for the Fund's risk management strategy. Risk policies are designed to identify, monitor, and control investment risks, and are reviewed regularly in response to changing market and economic conditions.

Market Risk

Market risk is the risk of financial loss due to changes in market variables such as equity prices, interest rates, foreign exchange rates, and credit spreads. The Fund is exposed to market risk across its entire investment portfolio. To manage this risk, the Fund maintains a diversified asset allocation across various classes, geographies, and sectors. The Pension Fund Panel and investment advisors regularly monitor market developments and undertake benchmark and performance analysis.

Price Risk

Price risk arises from fluctuations in the value of financial instruments due to factors specific to individual securities or wider market conditions. The Fund manages this risk through diversified investments and strategic selection of assets by its investment managers. Regular monitoring ensures compliance with the Fund's Investment Strategy Statement (ISS).

Based on historical analysis and expected return volatility, and following consultation with PIRC Limited, the Fund's performance measurement provider, the estimated potential price movements for the 2025/26 reporting period are as follows:

Market Price Risk – 31 March 2025

	Value	Potential Change	Value on Increase	Value on Decrease
Asset type	£m	%	£m	£m
UK Equities	312.7	10.8%	346.5	278.9
Overseas Equities	567.5	10.8%	628.8	506.2
Bonds	52.7	10.6%	58.3	47.1
Infrastructure	28.0	13.1%	31.7	24.3
Property	53.1	5.8%	56.2	50.0
Cash	24.8	1.5%	25.2	24.4
Alternatives	0.3	6.6%	0.3	0.3
Private Debt	21.3	1.9%	21.7	20.9
Long Term Investment	0.2		0.2	0.2
Income Fund	295.1	10.6%	326.4	263.8
Total Investment Assets	**1,355.7**	**9.2%**	**1,495.2**	**1,216.2**

Market Price Risk – 31 March 2024

	Value	Potential Change	Value on Increase	Value on Decrease
Asset type	£m	%	£m	£m
UK Equities	268.6	10.3%	296.4	240.8
Overseas Equities	554.5	10.3%	611.8	497.2
Bonds	60.9	9.5%	66.7	55.1
Infrastructure	22.3	4.0%	23.2	21.4
Property	50.8	7.1%	54.4	47.2
Cash	47.4	0.6%	47.7	47.1
Alternatives	0.4	6.6%	0.4	0.4
Long Term Investment	0.2	0.0%	0.2	0.2
Income Fund	319.1	9.5%	349.4	288.8
Total Investment Assets	**1,324.2**	**8.9%**	**1,450.2**	**1,198.2**

Interest Rate Risk

The Fund invests in financial assets primarily to generate investment returns. These assets are subject to interest rate risk, which is the risk that their fair value or future cash flows will fluctuate due to changes in market interest rates.

The Pension Fund Panel, in conjunction with its investment advisors, monitors interest rate exposure throughout the year in accordance with the Fund's risk management strategy. This includes comparing actual interest rates against relevant market benchmarks.

Interest rate risk primarily affects fixed interest securities and cash and cash equivalents. As at 31 March 2025, the total value of these investments was £74.8m (31 March 2024: £105.7m).

Assuming all other variables remain constant (particularly exchange rates), a 1% increase in interest rates would result in an estimated increase in asset values of £0.7m (31 March 2024: £1.1m). Conversely, a 1% decrease would reduce the value by the same amount.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund is exposed to currency risk through investments denominated in currencies other than Sterling.

The Pension Fund Panel acknowledges that a strengthening or weakening of the pound against foreign currencies can increase or reduce the net asset value of the Fund. Currency risk is actively monitored in line with the Fund's risk management framework.

In consultation with its performance measurement provider, PIRC Limited, the Fund has assessed the likely volatility associated with foreign exchange rare movements, as shown below:

	Value	Potential Change	Value on Increase	Value on Decrease
Asset type	**£m**	**%**	**£m**	**£m**
Overseas Equities	567.5	6.3%	603.3	531.7
Income Fund	295.1	6.1%	313.1	277.1
Alternatives	0.3	4.2%	0.3	0.3
Total Investment Assets	**862.9**		**916.7**	**809.1**

	Value	Potential Change	Value on Increase	Value on Decrease
Asset type	**£m**	**%**	**£m**	**£m**
Overseas Equities	554.5	6.4%	590.0	519.0
Income Fund	319.1	6.1%	338.6	299.6
Alternatives	0.4	4.3%	0.4	0.4
Total Investment Assets	**874.0**		**929.0**	**819.0**

Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to meet its financial obligations as they fall due. To manage this risk, the Fund closely monitors its cash flow requirements and maintains sufficient cash and liquid assets to meet current and future obligations.

The Fund receives a monthly income into its current account from some of its investment assets, which helps maintain liquidity. Additionally, the Fund holds a liquidity account with National Westminster Bank plc and held a balance of £6.3m as at 31 March 2025 (31 March 2024: £5.9m). The Fund also has access to an overdraft facility for short-term needs.

The Fund defines liquid assets as those that can be converted into cash within 3 months under normal market conditions. As at 31 March 2025, liquid assets represented 92.4% of the total Fund value (restated 2023/24: 94.2%).

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument may fail to meet its contractual obligations, resulting in a financial loss to the Fund.

This risk is mitigated by investing through regulated fund managers and counterparties with high credit ratings, as well as by maintaining diversified exposure to credit markets. The market value of investments reflects the market's assessment of credit risk and is inherently factored into pricing.

Credit risk may also arise from employer defaults on pension contributions. To manage this, the Fund typically requires admission guarantees for new employers. No defaults have occurred in recent years.

The table below summarises the credit quality of the Fund's money market and bank deposit holdings at year-end based on Fitch long-term ratings:

		31 March 2024	31 March 2025
Money Market Fund(s)	**Rating**	**£m**	**£m**
BlackRock ICS Sterling Liquidity Fund	AAA	12.7	8.8
Custody and Deposit Accounts			
Northern Trust Global Services (Custody)	AA-	32.0	13.3
NatWest Bank plc	A+	5.9	6.3
Total		**50.6**	**28.4**

NOTE 15 – FUNDING ARRANGEMENTS

The LGPS Regulations require that a full actuarial valuation of the Fund be carried out every three years. The purpose of this is to establish that the London Borough of Hounslow Pension Fund is able to meet its liabilities to past and present contributors and to review the employer contribution rates.

The latest full triennial valuation of the Fund was carried out by Barnett Waddingham, the Fund's actuary, as at 31 March 2022 in accordance with the Funding Strategy Statement of the Fund and Regulation 62 of the Local Government Pension Scheme (Administration) Regulations 2013. The results were published in the triennial valuation report dated 28 March 2023, with the funding level rising to 104% (2019 valuation funding level: 94%). This report details the fund assumptions and employer contribution rates for the three years from 2023/24. The actuarial valuation report is available at **https://www.wypf.org.uk/publications/valuations/hounslow-pension-fund-valuation/** and the Funding Strategy Statement is available at **https://www.wypf.org.uk/publications/policy-home/hpf-index/**.

In accordance with the 2022 actuarial valuation, the primary contribution rate for the Fund for the 3-year period from 1 April 2023 to 31 March 2026 is 19.3% of payroll. The primary contribution rate is the rate which, in addition to contributions paid by members, is sufficient to meet 100% of the liabilities arising in respect of service after the valuation.

The latest actuarial valuation, carried out using the projected unit method, is based on economic and statistical assumptions. The main assumptions are detailed below:

	2022 Allocation	Neutral Assumption (p.a.)
Asset Class	**%**	**%**
Gilts	5.0	2.0
Corporate Bonds	10.0	2.8
Equities	59.0	6.9
Property	5.0	6.4
Infrastructure	6.0	6.4
Cash Plus	15.0	5.1
Less Expenses		(0.2)
Neutral Return		**5.7**
Less Prudence Adjustment		(1.0)
Prudent Discount Rate Assumption		**4.7**

	2019	2022
Financial assumptions	**% per annum**	**% per annum**
Discount Rate	4.70	4.70
Consumer Price Inflation (CPI)	2.60	2.90
Salary Increases	3.60	3.90

The actuarial values of the Fund's assets and liabilities are set out in the table below.

		2019	2022
Actuarial Value of Liabilities	£m	(1,101.0)	(1,173.0)
Actuarial Value of Assets	£m	1,034.0	1,226.0
Surplus/(Deficit)	£m	(67.0)	53.0
Funding Level	%	93.9	104.5

NOTE 16 – ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

The table below sets out the total net liability of the Fund as at 31 March 2025. These figures have been prepared by Barnett Waddingham, the Fund's actuary, solely for the purpose of disclosing the actuarial present value of promised retirement benefits under IAS 26. They are provided in addition to the triennial funding valuation and are not relevant for calculations carried out for funding purposes or any other statutory requirement under UK pensions legislation.

The calculations have been carried out using methods and assumptions consistent with IAS 19.

31 March 2024		31 March 2025
£m		£m
(1,329.0)	Present Value of Promised Retirement Benefits	(1,178.3)
1,333.1	Fair Value of Scheme Assets (Bid Value)	1,362.9
4.1	**Net Asset/(Liability)**	**184.6**

Assumptions

To assess the value of the Fund's liabilities as at 31 March 2025, the results of the 31 March 2022 funding valuation have been rolled forward, using financial assumptions compliant with IAS 19.

Demographic Assumptions

The demographic assumptions used are consistent with those adopted in the 2022 valuation. In particular, the post-retirement mortality assumptions are based on the S3PA tables with a 110% multiplier for both males and females. Future improvements in longevity are modelled using the CMI 2023 projection model, with a long-term improvement rate of 1.25% per annum.

Assumed life expectancy at age 65 is as follows:

31 March 2024			31 March 2025
Years	Life Expectancy from Age 65		Years
20.8	Retiring Today	Males	20.7
23.3		Females	23.3
22.0	Retiring in 20 Years	Males	22.0
24.7		Females	24.7

Financial Assumptions

31 March 2024		31 March 2025
%		%
4.90	Discount Rate	5.80
2.95	Pension Increases (CPI)	2.90
3.25	RPI Inflation	3.20
3.95	Salary Increases	3.90

Virgin Media vs NTL Pension Trustees Case:

In July 2024, the Court of Appeal upheld rulings made by the High Court in 2023 in the case of *Virgin Media vs. NTL Pension Trustees,* which could have implications for defined benefit schemes that were contracted out between April 1997 and April 2016, including the Local Government Pension Scheme (LGPS).

The case focused on whether required "Section 37 Certificates", issued by the Scheme Actuary, were in place to validate amendments made to scheme rules. The absence of such certification may render certain past amendments invalid.

For the LGPS, the Government Actuary's Department (GAD) is the Scheme Actuary. GAD, along with the Scheme Advisory Board (SAB) and the Local Government Association (LGA), is currently reviewing whether appropriate certification was in place for historical rule changes. The LGA has confirmed that the ruling applies to the LGPS and is engaging with HM Treasury to understand the wider implications for public service pension schemes.

At present, Barnett Waddingham, the Fund Actuary, has advised that there is insufficient information to assess the financial impact of the ruling on the LGPS. Consequently, no adjustments have been made in these financial statements to reflect any potential impact. The Fund will continue to monitor developments and engage with its actuary and relevant stakeholders as the position evolves.

NOTE 17 – CURRENT ASSETS

The current assets of the Fund as at 31 March 2025 are summarised below:

31 March 2024		31 March 2025
£m	**Debtors**	**£m**
2.9	Contributions Due - Employers	3.0
1.0	Contributions Due - Employees	1.0
5.9	Cash Balances	6.3
0.1	Other Debtors	0.0
9.9	**Total**	**10.3**

NOTE 18 – CURRENT LIABILITIES

The current liabilities of the Fund as at 31 March 2025 are summarised below:

31 March 2024		31 March 2025
£m	**Creditors**	**£m**
0.9	West Yorkshire Pension Fund	1.7
0.4	Management Fees	0.3
0.6	PAYE Tax Due to HMRC	0.7
0.4	Benefits Payable	0.5
0.0	Other Creditors	0.1
2.3	**Total**	**3.3**

NOTE 19 – ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Fund's current Additional Voluntary Contributions (AVC) provider is Standard Life, with Utmost Life and Pensions (formerly Equitable Life) as the legacy provider. AVCs are invested separately from the Fund's main assets.

The table below shows the movements in AVC balances during the year:

2023/24				2024/25		
Income	**Expenditure**	**Market Value**	**Provider**	**Income**	**Expenditure**	**Market Value**
£	**£**	**£**		**£**	**£**	**£**
42,070.58	2,481.33	360,140.02	Standard Life	42,759.96	-	430,557.07
6,896.40	-	93,338.29	Utmost Life and Pensions	4,290.35	-	97,628.64
48,966.98	**2,481.33**	**453,478.31**	**Total**	**47,050.31**	**-**	**528,185.71**

Income includes normal and special contributions, transfers in, and interest. Expenditure includes benefits paid, transfers out, refunds, and lump sum death benefits.

In accordance with Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016, these contributions, and the corresponding assets are not included in the Fund's financial statements.

AVC arrangements provide benefits on a money purchase basis for members who choose to pay AVCs. Each member receives an annual statement from the AVC provider detailing the value of their account and the transactions during the year. The Fund relies on members to ensure the deductions shown in their provider statements are accurate.

NOTE 20 – RELATED PARTY TRANSACTIONS

The London Borough of Hounslow is the administering authority for the London Borough of Hounslow Pension Fund and is therefore classified as a related party. During 2024/25, various transactions took place between the Fund and the Council as part of the routine administration of the scheme.

As at 31 March 2025, an amount of £3.1m was due from the Council in respect of employer and employee contributions for March 2025 (2023/24: £3.1m). These contributions were received by the Fund on 19 April 2025 (2023/24: 19 April 2024), in accordance with regulatory requirements.

The Fund incurred administrative expenses of £0.8m in 2024/25 (2023/24: £0.8m), covering general overheads and officer time provided by the Council in support of the Fund's operations.

The Fund holds an equal shareholding in London LGPS CIV Ltd, the entity established to facilitate the pooled investment of London Local Government Pension Scheme (LGPS) assets. During the year, fees invoiced to the Fund by London CIV totalled £1.363m (2023/24: £1.357m).

The position of Independent Chair of the Pension Board, held by Neil Mason, attracts an annual allowance of £6k, in addition to reimbursement of eligible travel expenses.

No other material related party transactions were identified during 2024/25 (2023/24: nil).

Governance

The following Pension Board members were members of the Local Government Pension Scheme (LGPS) during 2024/25:

- Benjamin Tomlinson – Active Member
- Daniel Austin – Active Member
- David Carlin – Active Member
- William Cassell – Pensioner Member

Neil Mason served as the Independent Chair of the Pension Board during the year.

Key Management Personnel

Key management personnel of the Fund include:

- Members of the Pension Fund Panel
- The Executive Director of Finance and Resources (S151 Officer)
- The Director of Finance Services
- The Director of Finance Control
- The Head of Pensions and Treasury

All key management personnel with the exception of the Director of Financial Control, the Head of Pensions and Treasury, and elected members i.e., Councillors, were active members of the LGPS during the year.

Additionally, John Wiffen, a member of the Pension Fund Panel, was an active member of the LGPS in 2024/25.

NOTE 21 – CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

As at 31 March 2025, the Fund had outstanding capital commitments of £62.4m (31 March 2024: £26.4m) relating to investments in pooled infrastructure and private debt funds managed by London LGPS CIV Ltd (London CIV). These commitments arise from the following:

- A £40m commitment to the LCIV Renewable Infrastructure Fund, made in March 2022, with an outstanding balance of £13.9m at year-end.
- A £70m commitment to the LCIV Private Debt II Fund, made in November 2024, with an outstanding balance of £48.5m at year-end.

Capital calls are made at the discretion of the fund managers and are irregular in both size and timing, continuing until the full committed amounts have been drawn down.

Where applicable, capital calls may include equalisation adjustments. These adjustments are intended to ensure fair treatment of investors subscribing at different times and may result in the Fund either making additional equalisation payments to the pooled vehicle or receiving equalisation payments from the vehicle. Such payments reflect the Fund's proportional entitlement to, or obligation for, income or gains earned by the fund prior to its subscription.

which compensate for the fund's prior performance or income earned before the Fund's entry. These payments are designed to ensure equitable treatment of all investors in the fund, regardless of their subscription date.

There are no contingent assets or contingent liabilities to report as at 31 March 2025.

NOTE 22 – EVENTS AFTER THE REPORTING DATE

The Fund has assessed all events occurring after the reporting date up to the date of approval of the financial statements. There were no significant post-balance sheet events identified that require disclosure of adjustment in the 2024/25 financial statements.

PART 6: GOVERNANCE

PART 6: GOVERNANCE

STATEMENT OF RESPONSIBILITIES

The Authority's Responsibilities

The Authority is required to:

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

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Statement of Accounts has also been prepared to comply with the Update to the Code and Specifications for Future Codes for Infrastructure Assets published in November 2022, which provides a temporary relief not to report gross cost and accumulated depreciation for infrastructure assets for accounting periods commencing 1 April 2021.

In preparing this Statement of Accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

This Statement of Accounts gives a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2025. Chief Financial Officer Dated:	I confirm that these accounts were approved at a meeting of the Audit and Governance Committee Mayor of Hounslow Dated:

London Borough of Hounslow Annual Governance Statement 2024/25

Introduction

The London Borough of Hounslow (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 and properly accounted for, and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government 2016 Edition.

This statement explains how the council has complied with the code and also meets the requirements of regulation 6(2) Accounts and Audit Regulations 2015, in relation to the approval of the Annual Governance Statement. It also highlights how the council’s financial management arrangements conform to the governance requirements of CIPFA’s Statement on the Role of the Chief Finance officer in Local Government (2016).

Key Elements of the Council's Governance Framework

Key Elements of the Council's Governance Framework are:		
Council, Cabinet and Leader • Providing leadership, develop and set policy. • Support diverse communities and distinctive neighbourhoods to thrive and succeed.	Decision Making • All meetings are held in public. • Decisions are recorded on the council website • All council decisions are supported by detailed officer reports.	Risk Management • Risk registers identify operational and strategic risks. • Key risks are considered by Corporate Leadership Team and reported to Audit and Governance Committee. • Oversight of financial outcomes, governance and key partnership arrangements.
Scrutiny and Review • Scrutiny Committees review council policy and can challenge decisions	CLT • CLT are responsible for overall management of the council. • Head of Paid Service is the Chief Executive who is responsible for all council staff and leading CLT. • The Executive Director of Finance and Resources is the Chief Financial Officer and is responsible for safeguarding the council's financial position as section 151. • The Monitoring Officer is the council's Director of Law and Governance	

How we Comply with the CIPFA/Solace framework

Standard	Council Framework
Behave with Integrity	The council has the following arrangements for behaviour and integrity. Members receive clear guidance and training on the statutory Members' Code of Conduct and the council's Members' Planning Code of Practice. In addition, there is a formal council protocol on relationships between Councillors and Officers in place. All Members' and Officers are required to complete an annual Declaration of Interests statement and a register of Members' interests, which is updated by Members', is maintained and published on the Hounslow website. The Employee Code of Conduct is published on the intranet. Organisational values and behaviours to demonstrate expectations with regards to approach, attitude and underpinning of our people processes and training interventions. The council has an agreed Constitution which sets out how it operates, how decisions are made and the procedures which are to be followed to ensure that these are efficient, transparent and accountable to local people. The Constitution was last revised on 4 May 2021. The Constitution includes the defined responsibility for functions including the scheme of delegation, rules of procedure including financial regulations and contract procedure rules and Member and Officer Codes of Conduct. The full council appoints a Leader of the council for a four-year term who then appoints a Cabinet as the council's executive. Overview and Scrutiny committees hold the Cabinet to account. Whistle-blowing, anti-fraud and anti-corruption / bribery policies are in place and publicised.
Engage with Stakeholders	Good governance means engaging with local people and other stakeholders to ensure robust public accountability which is achieved through continuous consultation and engagement with local people and communities in a wide range of ways on varied important issues. The following describes how the council achieves this: • The council produces a Corporate Plan which sets out and clearly communicates the vision and strategy for the council to all stakeholders and local communities through multiple channels.

Standard	Council Framework
	• A broad range of communication channels are in place, which are subject to continuous review and improvement to ensure effective reach across all borough communities. • An annual Overview and Scrutiny report is published. • Corporately led programmes of community and stakeholder consultation are in place, supported by service led operational consultations delivered to corporate standards and employing effective and tailored feedback mechanisms. • The council's corporate planning process is supported by a communications strategy and delivery plans. • Clear systems and processes are in place for employee and employee representatives to be consulted and involved in decision making, which are subject to regular review and continuous development.
Define Outcomes	The council has put in place arrangements regarding the key systems and processes that comprise its governance framework. The Corporate Plan (2022-2026) Ambitious for Hounslow defines outcomes by setting out six priorities: • A Greener Hounslow • A Healthier Hounslow • A Cleaner Hounslow • A Thriving Hounslow • A Safer Hounslow • A Liveable Hounslow The Corporate Plan and any amendments or updates to it are considered and approved by Full Council.
Ensure planned outcomes are achieved	The Corporate Plan, *Ambitious for Hounslow* (agreed by Borough Council in September 2022) sets out the Council's vision for the Borough. It does not provide an exhaustive breakdown of how this strategic ambition will be delivered. This is the role of the Delivery Plan, the Financial Strategy, and the Council's performance management framework. The latter demonstrating the quantifiable impact of specific Council activity.

Standard	Council Framework
	Critical to successful delivery is regular monitoring and reporting against the key elements of this strategic framework and day to day performance. Corporate performance information is, therefore, reported to Cabinet quarterly, complementing quarterly monitoring of activity within the Council's Delivery Plan. By reporting regularly to Cabinet on the progress made by the organisation against the Corporate Plan the Council ensures it continues to focus its resources on priority activities – delivering benefits to Hounslow's residents. It also provides transparency and clear accountability, ensuring that both projects/ programmes and high-quality services continue to be delivered; and for action to be taken if areas of concern are identified. The council's review of the effectiveness of its system of internal control is informed by: • Annual Assurance Opinion of the Head of Internal Audit; • Performance against targets; • Annual Assurance Statement; and • A review of the previous year's Annual Governance Statement. The arrangements for the Lampton Group of companies for planning of outcomes are: In March 2023 Cabinet approved implementation of the group Business Plan 2024 – 27 for Lampton Group covering 2024 to 2027 which is to be updated annually. This report noted that there would be a need for further decisions regarding funding arrangements to support delivery of the business plan. Council's Delivery Plan is organised into three portfolios, which include the programmes and projects of change and development that have been identified to support the delivery of the council's planned outcomes as set out in the Corporate Plan. All activity within the delivery Plan will follow the One Hounslow Project and Programme Management Approach, which is based on best-practice methodologies. Robust and consistent officer level governance approaches are embedded throughout the Delivery Plan activity with oversight and monitoring provided by the Corporate Leadership Team. Delivery Plan Monitoring Reports are reviewed quarterly by Cabinet and Overview and Scrutiny. The council's review of the effectiveness of its system of internal control is informed by: • Annual Assurance Opinion of the Head of Internal Audit; • Performance against targets;

Standard	Council Framework
	• Annual Assurance Statement; and • A review of the previous year's Annual Governance Statement. The arrangements for the Lampton Group of companies for planning of outcomes are: In March 2023 Cabinet approved implementation of the group Business Plan 2024 – 27 for Lampton Group covering 2024 to 2027 which is to be updated annually. This report noted that there would be a need for further decisions regarding funding arrangements to support delivery of the business plan.
Develop capacity, capability and leadership	Good governance means developing the capacity and capability of members and Officers to be effective. The following describes how the council achieves this: • A framework is in place for the Hounslow Leadership Group, which defines the Leadership qualities and values that are expected from Hounslow Managers. • Individual training and development plans are an integral part of the staff performance system. • There is an extensive & well considered induction process for new Councillors which has internal and external input from subject specialists. There are Mandatory sessions for all Councillors and added onto that are specific training and continuing development activities (Members Development Programme) dependent upon Councillors portfolios. Councillors also have access to external training and development opportunities on an ongoing basis.
Manage risk and performance effectively	The council has the following arrangements to effectively manage risk and performance. The council has an Audit and Governance Committee that provides independent, effective assurance on the adequacy of the council's governance environment including managing risk. The Audit and Governance Committee has clear terms of reference and an annual work programme for internal audit and risk management. The council managed its risks during 2024/25 in accordance with the approved Risk Management Strategy. The Corporate Leadership Team and Directorate Management Teams formally considered risk regularly. Details of corporate risks are also considered as part of the Corporate Performance process moving forwards. Risk management reports were submitted to the Audit and Governance Committee including an update of the Risk Strategy in January 2022, which was then approved by Cabinet in March 2022.

Standard	Council Framework
	The indicative Internal Audit Plan for 2024/25 presented to the Audit and Governance Committee in March 2024 is chiefly based upon the key risks faced by the Council as identified in the Corporate and Directorate risk registers, such that Internal Audit will provide assurance on the effectiveness of the internal control framework during 2024/25. The Council maintains an Internal Audit service that operates in accordance with the published internal audit standards expected of a local authority in the United Kingdom. The Head of Audit and Investigation has direct access to the Chief Executive, the Executive Director of Finance and Resources (Section151 Officer) and the Chair of the Audit and Governance Committee. The Council has established Directorate Finance, Performance and Risk meetings that are chaired by the Chief Executive where financial, performance and other matters are discussed. Each directorate accounts for the key financial and performance issues for their directorate, with a clear focus on financial rigour. Finance representatives also attend these meetings. There is a corporate performance management system and operational framework in place, which is linked to the Corporate Plan, through service corporate plans to individual delivery targets, which are reported to Cabinet.

Standard	Council Framework
Demonstrate transparency and accountability	Good governance means taking informed and transparent decisions that are effectively scrutinised and which manage risk. The following describes how the Council achieves this: • The Leader is responsible for determining where executive decisions are to be made and will usually arrange for the discharge of key and other important decisions to be made by Cabinet. Decisions not specifically reserved to Cabinet collectively or individually are delegated to Chief Officers as outlined in Part 3c of the Constitution – Officer Delegations. • All forthcoming Key decisions are published in the Cabinet's Forward Plan and republished every month on the Council's web site. • Reports and minutes of meetings are also published on the Council's web site. This also includes decisions made by individual Cabinet members and decisions made under the urgency provisions. Urgent decisions are reported to the next formal meeting of the Council. • Equality Impact Assessments are completed for all appropriate decisions. Senior officers' remuneration is published on the council website. Reports and minutes of formal meetings are also published on the council's website.

Inspection and Assessments

In May 2024 CQC published their Local Authority Rating and considered the London Borough of Hounslow to be Good.

An area SEND inspection was completed by CQC and Ofsted in Oct 2024, which concluded inconsistent experiences and outcomes and a need for the local area partnership to work jointly to make improvements.

Assurances from Internal and External Audit

The Internal Audit service is a key means of assurance and reviews the adequacy of the controls throughout all areas of the Council.

The Council's Internal Audit service carries out a comprehensive programme of review activity consistent with the Audit Strategy and the Public Sector Internal Audit Standards. The work is based around the core risks faced by the Council and includes significant work on the main financial and information management systems, corporate programmes and partnerships. Based upon the programme of work for 2024/25, the Head of Audit and Investigation's opinion on the Council's control environment, governance arrangements and risk management arrangements are that they are Reasonable (see annex A for definitions).

This is based upon the 16 audit assurance projects work completed in 2024/25. The majority of reports (75%) received positive assurance (substantial or reasonable). 25% received limited assurance. One report in respect of Housing Voids received no assurance.

External Audit – Mazar's is currently the council's appointed external auditor. As well as an examination of the council's financial statements, the work of the council's external auditor includes an assessment of whether significant arrangements to secure economy, efficiency and effectiveness from the use of resources has come to their attention. 2023/24 audit was a disclaimed opinion which is in line with many authorities due to the backstop introduced.

Compliance with the Financial Management Code

The self-assessment review against the CIPFA Financial Management Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. All local authorities were required to demonstrate full compliance against the 6 principles within the Code by 31 March 2022. It is the opinion of the Chief Finance Officer that the Council is financially resilient and delivers value for money. However, in striving for financial management excellence, the Council has developed a set of actions for improvement.

Work has continued on the improvements identified whilst ensuring alignment to Hounslow's strategic outcomes including:

- Reviewing the use of benchmarks to understand cost drivers and to identify where further cost improvement may be possible.
- Financial skills development and awareness training will continue to be provided for member and officer alike, particularly for those new to their role.
- Capacity and development of the professional finance function will be reviewed in 2024/25, including succession planning to ensure the service continues to be fit for purpose.
- Regular updates and annual review to monitor our reserve balances, ensuring our forward-looking reserve strategy is aligned to strategic need and risk exposure.

- Scenario planning and sensitivities continue to be considered as part of the MTFS.
- Reviewing its asset management plans to ensure that property, plant and equipment including infrastructure assets contribute effectively to the delivery of services.
- Continue close working with the Councils external auditors to deliver a final audited set of accounts in a timelier manner.

Self-Assessment and review of key performance indicators

The Council's Finance team works with Internal Audit to confirm that expected governance arrangements have been in place throughout the year. Management Assurance Statements, signed by senior officers, also confirm that Codes of Conduct, Financial Regulations and other corporate processes have operated as expected.

The Council uses several key outcome indicators to confirm the adequacy of governance arrangements:

Key Performance Indicators	Outcomes 2024/25
Formal Reports by s151 or Monitoring Officer	None Issued
Outcomes from Standards Committee or Monitoring Officer Investigations	There have been no Monitoring Officer or Standards Committee investigations during the year
Proven fraud carried out by councillors or members of staff.	No proven frauds involving councillors and three involved a member of staff in 2024/25.
Objections Received from local electors	None in 2024/25
Internal audit reports	There were two limited assurance reports have issued during the year, relating to: 1. Capital Programme 2. Housing Rents There was one no assurance report issued during the year relating to: 1. Voids.

Key Performance Indicators	Outcomes 2024/25
Group Activities	The arrangements in place for Lampton Group to manage risk is through an audit and risk committee with an Independent Chair. The audit and risk committee receive reports from internal and external audit. Cabinet receives quarterly reports produced by Lampton Group covering performance against the approved business plan. The Council has also established a sub-committee of Cabinet, a Shareholder Committee, which allows more direct engagement in the oversight of the companies performance and consideration of the risks associated with the activities of Lampton Group by members. The Terms of Reference is available here: **Shareholder Committee Terms of Reference**

Governance Issues

Issues raised in 2023/24 have been addressed unless they are included in the table below.

Based on the Council's risk management approach, the issues detailed below have been included in the 2024/25 Annual Governance Statement. We will over the coming year take appropriate steps to address these matters and further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Issue	Actions
Weakening of the Council's financial resilience Financial and in year budget pressures and uncertainty with regards to the wider economic context, inflation, higher interest rates demand and local government funding (including future reform)	Financial monitoring and planning and wider medium term financial strategy continues process to assess needs and demands. Timely financial reporting Rigorous capital investment process and borrowing capacity. Regular benchmarking of financial resilience Value for money assessment by external audit. Deep drive reviews of high spending areas. Assessment of financial expenditure controls. Refresh of the HRA business plan and savings plan. Monthly savings tracker

Conclusion

As Leader and Chief Executive, we have been advised of the implications of the results of the review of the effectiveness of the Council's governance framework.

Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the London Borough of Hounslow to ensure effective internal control is maintained.

We are also satisfied that there are appropriate plans in place to address the weaknesses and ensure continuous improvement in the system of internal control.

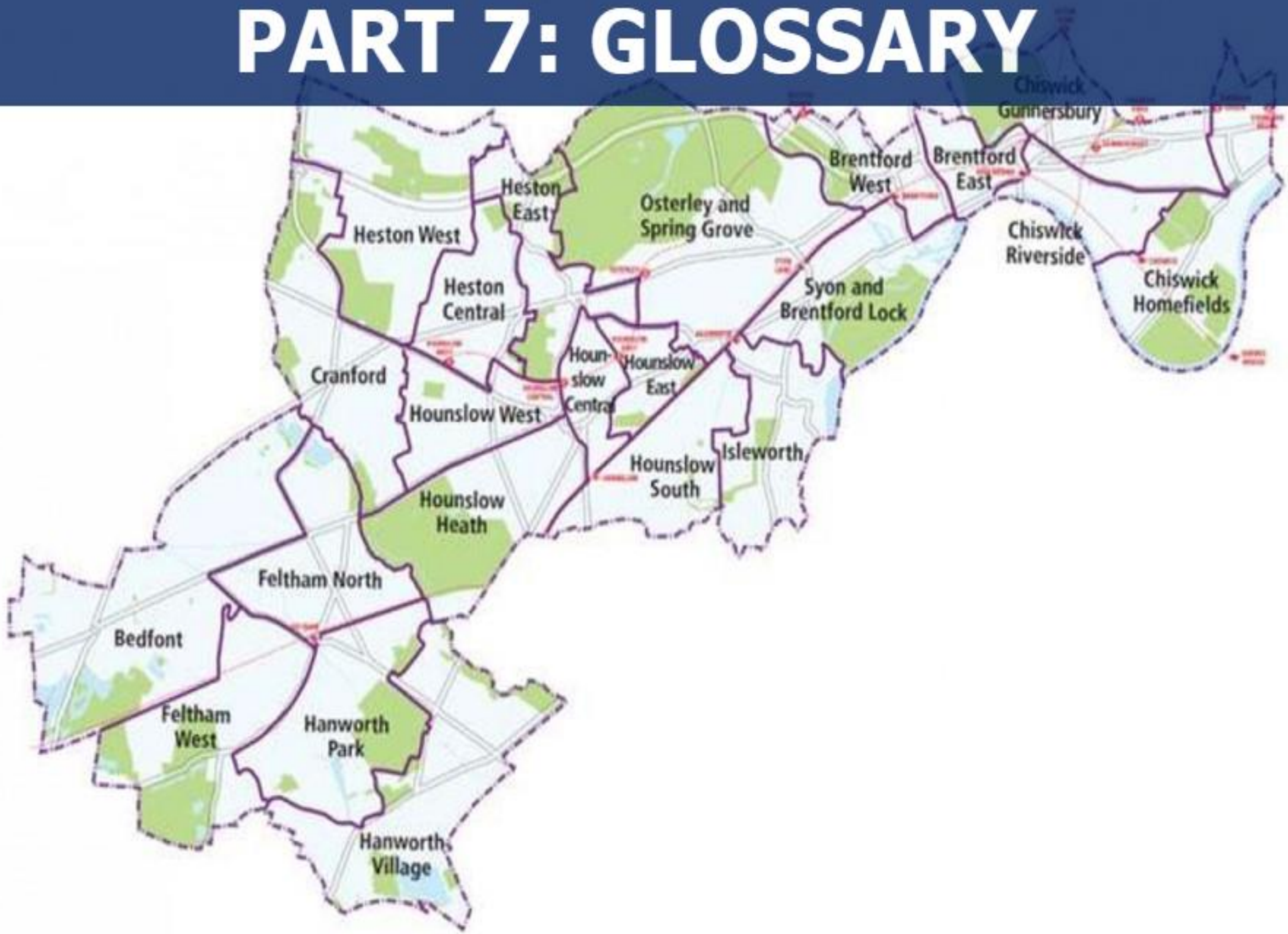
Signed………………………………………………..	Signed…………………………………………
Interim Chief Executive – Hounslow Council	Leader of the Council
Mandy Skinner	Cllr. Shantanu Rajawat

Annex A

An assurance mechanism is used to reflect the effectiveness of the council's internal control environment. The table below details the four levels of assurance provided:

Level	Definition
Substantial	There is a sound system of internal control designed to achieve the council's objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are weaknesses, which put some of the council's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the council's objectives at risk.
Limited	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the council's objectives at risk.
None	Control processes are generally weak leaving the processes / systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes / systems open to error or abuse.

PART 7: GLOSSARY



PART 7: GLOSSARY

A statement of accounts needs to be prepared in accordance with applicable accounting standards that incorporate a wide range of technical phrases. This glossary has been provided to aid readers of the accounts by explaining some of these.

Accounting Policies

The rules and practices adopted by the Authority that dictate how transactions and events are treated in its financial records.

Actuarial Gains/Losses

The profits and losses on the pension scheme as calculated by the Actuary because the assumptions made were not the same as the actual performance (e.g. if interest rates were less than anticipated).

Available for sale assets

Assets that have a quoted market price and/or do not have fixed or determinable payments.

Capital Charge

A charge to the cost of services to reflect the use of fixed assets used in the provision of services made up of interest and depreciation.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure that adds to and not merely maintains the value of an existing fixed asset.

Cash

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

Cash equivalents are highly liquid investments that mature in 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.

Contingent assets and liabilities

Contingent assets and liabilities arise where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence of uncertain future events not wholly within the control of the authority.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

Community Assets

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings

Consolidation

The process of adjusting and combining financial information from the individual financial statements of a reporting authority and its subsidiaries to prepare consolidated financial statements that present financial information for the group as a single economic entity.

Contingent Liability

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control (e.g. the outcome of a court case); or
- A present obligation arising from past events where it is not probable that there will be an associated cost or the amount of the obligation cannot be accurately measured.

Corporate and Democratic Core

These are activities that local authorities engage in specifically because they are elected, multi-purpose authorities. These costs would not be incurred by a single-purpose organisation and therefore should not be apportioned to services.

Current Service Cost (Pensions)

The increase in value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Defined Benefit Scheme

A pension or retirement benefit scheme into which an employee pays regular contributions fixed as an amount or as a percentage of pay and will have no legal obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

The reduction in the value of an asset due to wear and tear.

EIR (Effective Interest Rate)

The Effective Interest Rate is the interest rate on a loan or financial product restated from the nominal interest rate as an interest rate with annual compound interest.

Emoluments

All sums paid to or receivable by an employee including salary, expenses, and allowances and the monetary value of any other benefits received other than cash. Pension contributions payable by either employer or employee are excluded.

Finance Lease

A lease that transfers the risks and rewards of ownership to the lessee, but ownership of the asset is retained by the lessor.

Fixed Assets (or non-current assets)

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Government Grants

Assistance by the government and their agencies in the form of cash or transfer of assets to an authority, which may be in return for past or future compliance with certain conditions relating to the activities of the authority.

Impairment

A reduction in the value of a fixed asset, below the amount it is included at on the balance sheet.

Infrastructure Assets

Fixed assets that are recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible assets

Non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events, for example, computer software licences.

Investment Properties

Interest in land and/or buildings that are held for their investment potential or rental income.

Liquid Resources

Investments that can be readily converted to cash without disrupting the business of the organisation.

Loans and receivables

Assets that have fixed or determinable payments but are not quoted in an active market.

LOBO

A LOBO is a loan where the lender has the option to change the terms of the loan on specified dates. If the lender exercises its option, then the borrower has the option to repay the loan without penalty.

Minority Interest

The interest in an entity included in the consolidation that is attributable to the shares held by persons other than the reporting authority and its subsidiary entities.

Net Book Value

The amount of which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for by depreciation.

Net Current Replacement Cost

The cost of replacing an asset in its existing condition and for its existing use i.e. the cost of buying the item or the nearest equivalent asset.

Net Realisable Value

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non distributable Costs

These are overheads for which no user benefits and should not be apportioned to services.

Non-Operational Assets

Fixed assets held by an authority that are not directly occupied, used or consumed in providing services. Examples of non-operational assets are investment properties and assets pending sale or redevelopment.

Operating Leases

A lease that stipulates the asset can never become the property of the lessee.

Operational Assets

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of services.

Past Service Cost

For a defined benefit scheme, the increase or decrease in the value of benefits payable that were earned in prior years arising because of a change to retirement benefits.

Projected unit method

This is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

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.

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Related Party Transaction

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Members are required to declare if they have entered into any such transactions and any relationships of influence with any organisations associated with the Authority.

Revenue Expenditure Funded From Capital Under Statute (REFCUS)

Expenditure on grants, property not owned by the authority or statutory redundancy costs when an authority has been granted a directive under the Local Government Act 2003, that is classified as capital for funding purposes, but that does not result in the expenditure being carried in the Balance Sheet as a fixed asset.

Stocks

The amount of unused or unconsumed goods held in expectation of future use within one year. Stocks are valued at the end of each financial year and carried forward to be matched to the use or consumption when it arises. Stock comprises the following categories:

- Goods or other assets purchased for resale.
- Raw materials and other components purchased for the incorporation into products for resale
- Products and services partially or fully completed

Subsidiary

An entity is a subsidiary of the reporting authority if:

- The authority is able to exercise control over the operating and financial policies of the entity, and
- The authority is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.