Islington Council
Statement of Accounts 2023/24

ISLINGTON
For a more equal future

Contents

Chief Finance Officer's Introduction

Islington is an excellent borough in which to live and work, possessing the best that London has to offer. We have thriving businesses, excellent transport links, outstanding services and most importantly, a rich and wonderful diversity of people, cultures and communities. However, Islington is also the sixth most deprived borough in London.

Our communities continue to face significant hardships, particularly in relation to the ongoing cost-of-living crisis. Despite the very challenging financial and economic environment, the council continues to protect and enhance the vital council services that residents and local businesses rely on. The council continues to enable the delivery of the principles and priorities set out in the Islington 2030 Plan.

Budget proposals delivered in 2023/24 included the creation of a £1m hardship fund to support low income and financially vulnerable households mitigate the impact of the cost-of-living crisis. Manifesto commitments were funded including ensuring every Islington child has access to a laptop or tablet as they move into secondary school.

The council has delivered on its financial position set out in the agreed 2023/24 budget with:

- An overall balanced General Fund position after fully utilising budget contingencies. The vast majority of the £11m agreed budget savings were delivered or offset by other management actions. A small proportion of savings will now be delivered in 2024/25.
- An addition of £9.9m to the council's General Fund Balance which progresses the council towards its target of increasing the General Fund balance to £40m over the medium term, with the objective of improving overall financial resilience.
- An overall, balanced position on the council's Housing Revenue Account, after transfers to reserves.
- A record level £184m of capital investment in the borough, including £34m in our new build programme, £59m on major works and improvements to our existing housing stock, and £42m through our property acquisitions programme. Over the last five years, 318 additional new council owned homes have been built, with a further 218 anticipated within the current approved new build programme.
- A reduction in direct carbon emissions from the Pension Fund by 40% between 2021 and 2023.

During the 2023/24 financial year, the audited 2021/22 and 2022/23 accounts were published with true and fair audit opinions from the council's external auditor. This means that the council was in a minority of local authorities as at 31 March 2024 with no remaining audit backlog issues. Along with the achievement of publishing these draft 2023/24 accounts by the deadline, this is testament to the expertise and dedication of the finance team.

These accounts give a high-level overview of the council's finances, and follow a common format prescribed by CIPFA's Code of Practice on Local Authority Accounting. This year's Public Inspection of the Accounts period runs from 3 June to 12 July 2024 inclusive. Further details are available on our website.

David Hodgkinson, Corporate Director of Resources
30 May 2024

Narrative Report

Narrative Report

This Narrative Report gives an overview of Islington Council and what is included in this year's Statement of Accounts. It summarises how the council has performed against its overall strategic objectives, and how it has expended its resources to achieve these desired outcomes. It sets out the the medium-term financial plans, the principal risks the council faces, and how well equipped it is to deal with the challenges ahead.

Islington

The council publishes its annual State of Equalities in Islington 2023 report which compiles data from the Office of National Statistics, Census data, Greater London Authority and a range of other sources. The key facts below provide an overview of Islington's population and external environment.

Population

- The population of Islington was estimated to be 247,463 in 2023. This is an increase of approximately 20% (41,178 people) since 2011.
- It is estimated that the population of Islington will grow by 5.8% (14,362 people) between 2023 and 2033. The highest rate of population growth will be amongst the older population (35% increase for people aged 65 and over).
- The estimated number of Islington residents with a disability in 2023 is 34,645 or 14% of the population.
- Diverse population – 38% Black Asian, Mixed or other Ethnic groups with 43% White British or Irish and 19% Other White, 40% born outside the UK.

Borough

- Islington is the third smallest borough in London covering 15 km squared.
- Islington is the third most densely populated local authority area in London, with 14,589 people per square km in 2021. This is almost triple the London average and more than 34 times the national average.
- Only 13% of the borough is green space, the second lowest for any local authority in the country.

Inequality

- Deprivation - Islington is the 53rd most deprived authority in England (as of 2019) and the 6th most deprived in London. It has the 10th highest rate of child poverty nationally (the highest in London) and 4th highest rate of pensioner poverty in London.
- Islington is the most deprived borough in London for income deprivation affecting children, and fourth highest for income deprivation affecting older people.
- 27.5% of the Islington residents are facing income deprivation, compared with 21.3% in London.

Islington Council

Governance

Policy decisions in Islington Council are directed by the political leadership (Leader and Executive). In 2023/24, the council's political leadership consisted of 51 councillors, representing 17 wards. 48 are Labour Party Members and three are Green Party Members. Councillors serve on various committees. Policy decisions are carried out and managed by the Corporate Management Team (CMT), consisting of the Chief Executive and seven direct reports responsible for each council directorate.

The unaudited Annual Governance Statement (AGS) 2023/24 is published alongside the Statement of Accounts and provides more information on the current governance arrangements and reviews the effectiveness of these arrangements.

Strategy

Islington Council's five strategic missions are set out in the Islington Together 2030 Plan. This plan sets out a bold vision for working together with our diverse communities to create a more equal future for our borough by 2030 and the five key missions we have set ourselves in order to achieve this. These missions are:

- Child-friendly Islington
- Fairer Together
- A Safe Place to Call Home
- Community Wealth Building
- Greener, Healthier Islington

The missions are underpinned by a number of corporate objectives, and the achievement of these are measured through corporate performance indicators. Key successes achieved in 2023/24 and the key challenges for each mission are detailed in the following section.

Staff

The latest available council's employee headcount (March 2024) is 4,858 an increase of 98 people in the last year. The gender, disability and ethnicity breakdown for Islington staff is as follows:

Gender

Female	54%
Male	46%

Ethnicity

Asian	9%
Black	28%
Mixed	5%
Other	2%
White	49%
Prefer not to say	7%

Disability

Yes	9%
No	51%
Not Stated	40%

Council Performance and Achievements

Performance is monitored internally, through Directorate Management Teams, Corporate Management Team and externally through the relevant Scrutiny Committees. The council publishes quarterly corporate performance reports which summarise how the council is delivering against missions, strategic priorities and organisational effectiveness. Key successes and challenges from 2023/24 for each mission are detailed below, based on the 2023/24 Quarter 3 corporate performance report.

Mission	Key Successes for 2023/24	Key Challenges for 2023/24
Child-friendly Islington	Resilient children and families The numbers of Looked-After Children have continued to reduce this year, with children remaining supported at home or with family members. Additionally, the Youth Justice Board figures that show Islington is performing well with a low number of repeat young offenders compared to London and nationally. Lifelong learning skills and enrichment The percentage of good and outstanding Islington schools (all phases) is 97% and above Inner London (96%).	Lifelong learning skills and enrichment School attendance and suspension rates continued to be challenges this year and both remain a key focus for 2024/25.
Safe place to call home	Building new homes A new strategy for delivering the next phase of the home building programme and how manifesto targets will be met was developed and approved this year. Schemes from the previous phase continued through the pipeline during the year. Ensure effective management of council housing The proportion of our non-decent social housing stock reduced this year to 5% of our social housing stock from 12% in 2022/23. Percentage of repairs fixed first time remains above the target of 85%. This should be considered against a background of significant growth in the number of repairs (increase of 20,000 repairs since 2021/22).	Building new homes Ongoing challenges in the construction industry in the current economic climate continued to impact our ability to bring forward schemes this year that are affordable and delayed and increased costs to schemes currently under construction. Ensure effective management of council housing The quality of homes including management of damp and mould remained a challenge in 2023/24 and a key focus with high volumes of damp and mould work being carried out. A further challenge remained providing lettings to tenants transferring to alternative accommodation due to reducing overall supply and increasing demand on social homes.

Mission	Key Successes for 2023/24	Key Challenges for 2023/24
Safe place to call home		Prevent rough sleeping Islington is managing this area well in the face of significant challenge as the service continued to experience a significant increase in demand as homelessness increases across the borough and London as a whole. However, the numbers in temporary accommodation are the highest in the country's history yet Islington has significantly fewer people in TA than London as a whole and has reduced the numbers of households in TA this year. Rough sleeping increased in London but reduced in Islington. Challenges continued this year with increasing homelessness presentations impacting the percentage of homeless decisions made in the target timeframe.
Community Wealth Building	Economic wellbeing The Council continued to secure employment and additional benefits for Islington residents, supporting over 1,000 residents into paid work and securing over £6million in additional annual benefit income for residents. Inclusive economy Performance this year continued to be strong in delivering social value through our Affordable Workspaces and in supporting entrepreneurs from under-represented backgrounds through mentoring programmes and business incubation. Social and economic infrastructure The new Local Plan was adopted following rigorous examination by the Inspectorate. This is a strong basis upon which to deliver the council objectives and all its missions, including a healthier, greener Islington. Our planning application processes continued to perform well in 2023/24.	Economic wellbeing A challenge this year has been securing apprenticeship starts, both in the council and with external employers and the delivery model is being reviewed to help improve this area. A second challenge has been increasing the number of employers achieving London Living Wage accreditation although we are making progress towards the manifesto pledge and actions in place are beginning to take effect.

Mission	Key Successes for 2023/24	Key Challenges for 2023/24
Greener, Healthier Islington	Reducing greenhouse gas emissions Islington was again the top scoring inner London borough in the 'healthy-streets scorecard' in 2023. Performance continues to be strong around reducing carbon emissions for our operational council buildings. Cleaner Islington Performance remained strong this year on missed waste collections and saw improvements in the commercial waste recycled and composted. Safer and easier travel The Council continued its programmes for installing both Electric vehicle charging points and Secure cycle parking facilities. Promote independence and wellbeing Results of the Adult Social Care Survey and early results from the Survey of Adult Carers in England show improvements in performance compared to previous years.	Cleaner Islington Performance is improving on both residential recycling and residual waste rates, but we continue to be significantly below target. Healthier Islington Leisure visits improved this year, and plans are in place to strengthen our offer to residents, particularly in Sobell.
Fairer Together	Empowering strong and supportive communities: Visits to libraries continued to grow this year along with issues – both online and in person. Delivering high quality early intervention & prevention services The Bright Lives coaching service continued to perform well this year, supporting over 600 adult residents who needed extra help.	
Organisational Health	Manage our budget effectively and efficiently While stable, significant financial challenges still exist, the Council has successfully delivered a balanced budget this year. Collection rate of council tax was about the same level as last year and strong performance continued on the collection rate of business rates.	Make sure our workforce is diverse, skilled and highly motivated Agency staff use was a key challenge for the council in 2023/24, increasing over the year. The year-ended with the highest quarterly usage rate and the highest average annual rate to date. Islington's agency staff use is now higher than London Councils' median in 2022/23 at 15 (although Islington was below this in 2022/23 with

Mission	Key Successes for 2023/24	Key Challenges for 2023/24
Organisational Health	Make sure our workforce is diverse, skilled and highly motivated After starting the year with a relatively high sickness level, sickness absence dropped quarter-by-quarter through the year. The annual rate waslower than the previous year and one of Islington's lowest rates of sickness of the past six years. The percentage of Black, Asian and Minority Ethnic staff and disabled staff within the top 5% of earners was higher in 2023/24 than any previous years (since 2018/19). For Black and Minority Ethnic Staff this stood at 31% (10% points above the London Council's average for 2022/23 of 20%) and 11% for disabled staff. Be open and accountable We hit the Information Commissioner's Office's target for completing both Freedom of Information requests and Subject Access Requests within target time this year. This is a huge success and improved throughout the year as service changes were implemented. Further improvements are planned to maintain performance levels. Resident experience Satisfaction with Access Islington continued to hit target this year. However, the challenges around complaints continued and are set to continue. These are set out in the resident view section and Organisational Health narrative.	12.4% and this year's data for London Councils is not yet available). This area is a focus for improvement in 2024/25. Resident experience Challenges around complaints continued this year and are set to continue into next year. This includes increasing numbers received by the council and the Ombudsman. However, big improvements have been seen throughout the year in terms of the percentage of complaints completed within deadline and 'lessons learned' plans are in place to improve the resident experience.

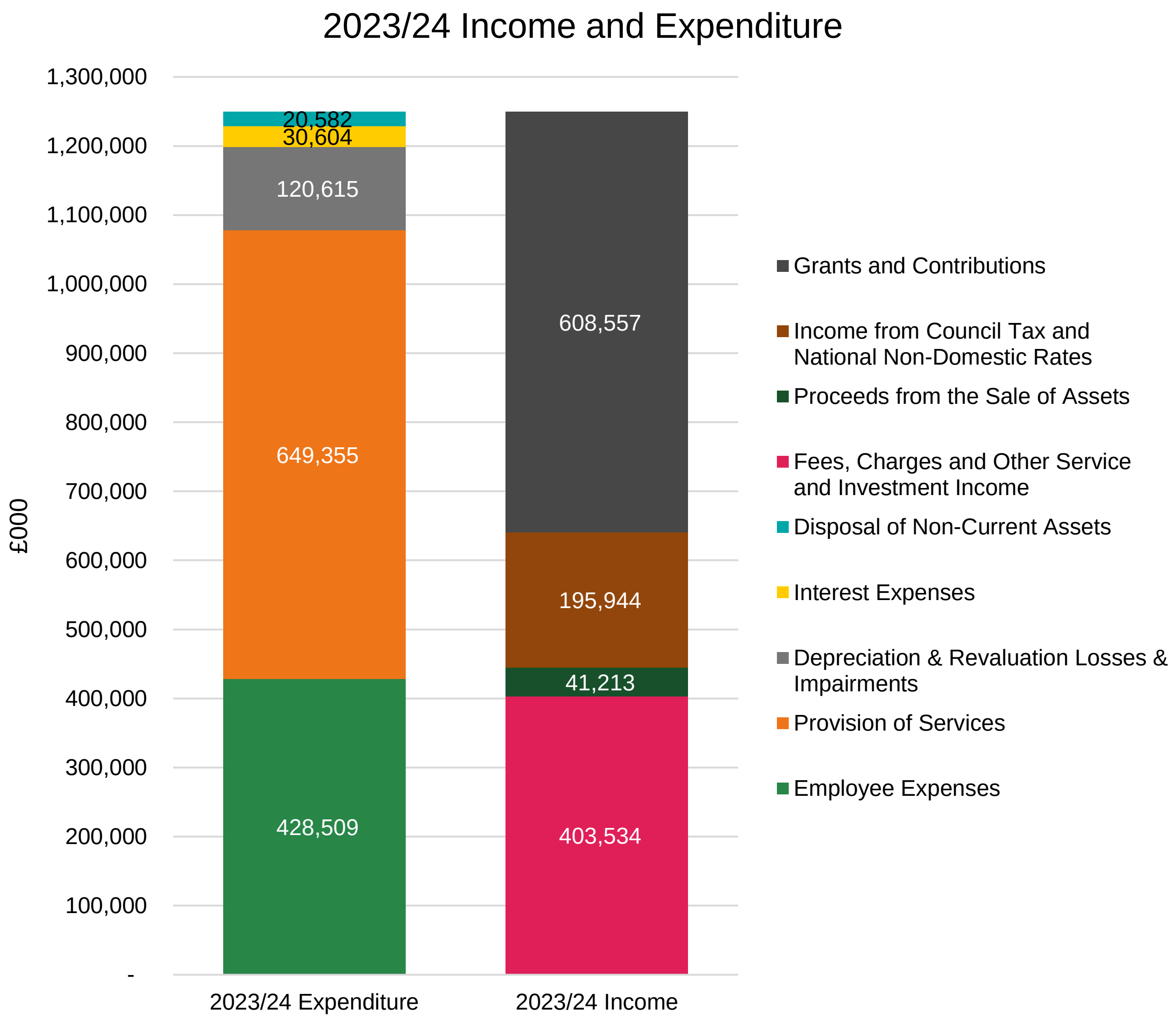
Financial Performance

Income and Expenditure

Islington council incurred gross expenditure of £1,250m in 2023/24 (£1,266m in 2022/23). The majority of expenditure relates to the provision of services (52%) and employee expenses (34%).

The council received gross income of £1,249m in 2023/24 (£1,161m in 2022/23). The largest source of income in 2023/24 was grants and contributions (£609m), representing 49% of total income.

This gave an overall deficit of £0.4m on the provision of services in 2023/24. These figures include non-cash items such as depreciation and gains of losses on the revaluation of assets. The Expenditure and Funding Analysis (Note 1) provides more detail on expenditure and income incurred in 2023/24.



Balance Sheet

The council's Balance Sheet shows what the council owns and owes at the end of the financial year.

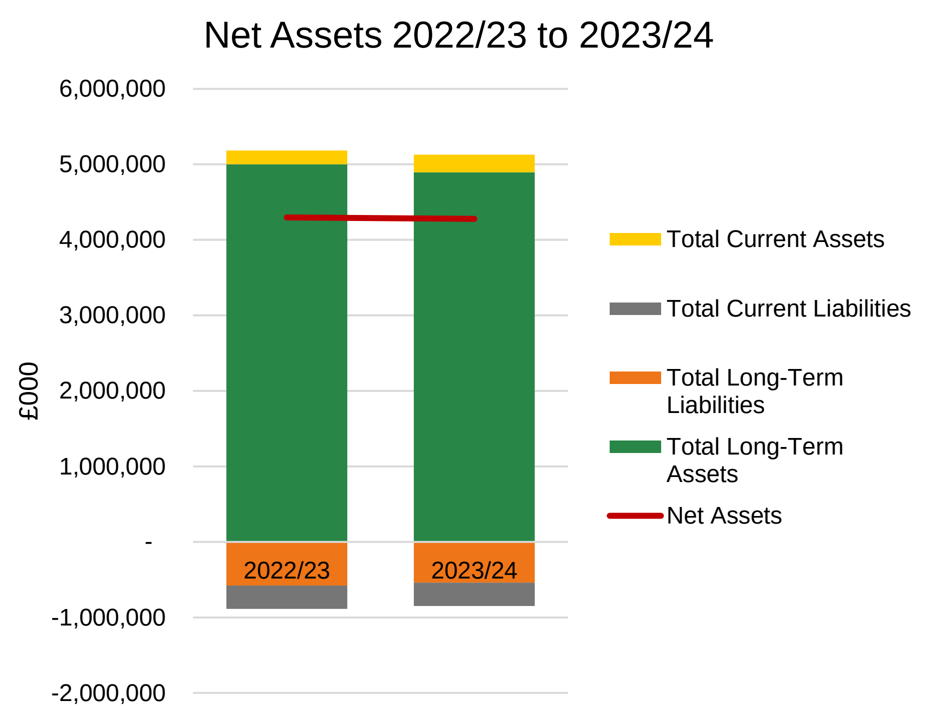
As at 31 March 2024 Balance Sheet shows net assets of £4.278bn (made up of £5.128bn of assets and £0.851bn of liabilities). Overall, net assets have remained relatively stable compared to last year, when net assets were £4.297bn as at 31 March 2023. There were no individually material assets added this year or significant new liabilities incurred.

The most significant asset held by the council is its Property, Plant and Equipment portfolio (worth £4.844bn), of which council dwellings make up £3.296bn.

The Balance Sheet also includes a long-term liability of £68.794m relating to the council's PFI and similar schemes and is payable over the next 20 years. Further details can be found in Note 18.

Current assets (amounts due within 12 months) include £125.251m of short-term debtors (£133.894m as at 31 March 2023). £64.599m was owed by central government and other public sector bodies mainly for grants and reimbursements. Other debtors include council tax, business rates and parking debts. Short-term debtors are included in theBalance Sheet net of a £114.405m provision for uncollectable debts. Whilst the council makes every effort to recover outstanding debts, it is prudent to set money aside to allow for the possibility that some debts will not be recovered.

The Balance Sheet also includes short-term creditors of £182.375m (£191.746m as at 31 March 2023). A significant proportion of these relate to central government and other public sector bodies, at £96.889m. Short-term PFI creditors amounted to £4.876m.

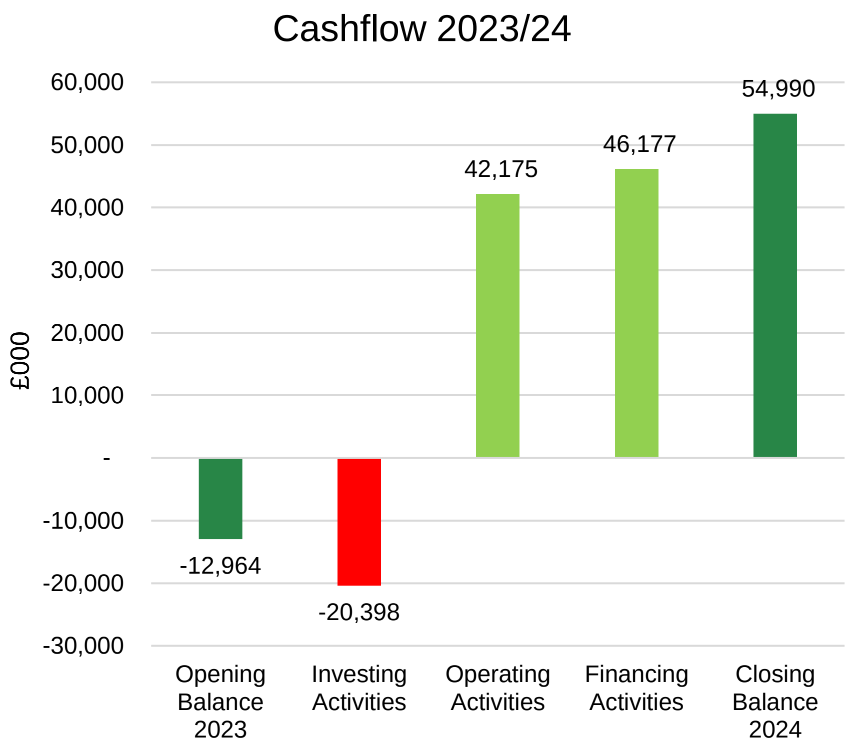


Cashflow

The cash flow statement shows how the council's total cash transactions are split between revenue (day-to-day) expenditure, capital expenditure (long-term investments in assets) and financing transactions (how we pay for the expenditure).

The council's total cash and cash equivalents balance, net of any overdrawn bank balances, as at 31 March 2024 was £54.990m (compared to a deficit of £12.964m as at 31 March 2023).

Net cash flows arising from operating activities indicates the extent to which council operations are funded by way of taxation and grant income.



General Fund Outturn 2023/24

Overall, there was a net General Fund overspend of £0.366m, comprising a £0.061m General Fund (excluding schools) overspend and a £0.305m schools overspend.

	Gross Expenditure £000	Gross Income £000	Net Outturn £000	Net Budget £000	Over / (Under) £000
Service Area					
Adult Social Care	154,627	(97,050)	57,576	52,393	5,183
Chief Executive's Directorate	321	-	321	257	64
Children and Young People	319,349	(235,317)	84,032	85,307	(1,275)
Community Engagement and Wellbeing	20,033	(2,308)	17,725	17,484	240
Community Wealth Building	55,311	(31,215)	24,096	22,638	1,458
Environment and Climate Change	93,619	(70,120)	23,499	10,709	12,790
Homes and Neighbourhoods	49,671	(31,992)	17,679	17,131	549
Public Health	33,877	(33,969)	(93)	(93)	-
Resources Directorate	194,321	(154,651)	39,669	38,444	1,225
Corporate Items	39,859	(313,997)	(274,138)	(266,231)	(7,907)
General Fund Variance (before application of Corporate Resources)	**960,987**	**(970,621)**	**(9,634)**	**(21,962)**	**12,328**
Application of Corporate Inflation, Energy & Demand Contingency			-	6,962	(6,962)
Application of General Contingency			-	5,000	(5,000)
Net General Fund Variance	**960,987**	**(970,621)**	**(9,634)**	**(10,000)**	**366**
Transfer from Earmarked Reserves				10,000	(10,000)
Net Movement in General Fund	**960,987**	**(970,621)**	**(9,634)**	**-**	**(9,634)**
Transfer to/(from) General Fund Balance (excluding schools)				(9,939)	9,939
Transfer to/(from) Schools Balances				305	(305)
Total Transfers (To)/From General Fund Balances	**960,987**	**(970,621)**	**(9,634)**	**(9,634)**	**-**

The table below shows how the Net Outturn figures by directorate in the table above reconcile to the Net Expenditure directorate figures in the Comprehensive Income and Expenditure Statement (CIES). This is due to differences between the presentation of the outturn for management reporting and the prescribed requirements for the CIES.

	Net Outturn £000	Other Operating expenditure £000	Financing and investment income and expenditure £000	Taxation and non-specific grant income £000	Adjustments between accounting basis & funding basis under regulations £000	Transfers (to)/from earmarked reserves £000	Net expenditure in the CIES and Expenditure and Funding Analysis £000
		Note 3	Note 4	Note 5	MIRS	MIRS	
Adult Social Care	57,576	-	-	-	-	-	**57,576**
Chief Executive's Directorate	321	-	-	-	-	-	**321**
Children and Young People	84,032	-	-	-	-	-	**84,032**
Community Engagement and Wellbeing	17,725	-	-	-	-	-	**17,725**
Community Wealth Building	24,096	-	-	-	-	-	**24,096**
Environment and Climate Change	23,499	-	-	-	(5,000)	-	**18,499**
Housing Revenue Account (HRA)	-	227	(19,172)	26,829	21,403	(12,666)	**16,621**
Homes and Neighbourhoods (non HRA)	17,679	-	-	-	-	-	**17,679**
Public Health	(93)	-	-	-	(32)	-	**(125)**
Resources Directorate	39,669	-	-	-	-	-	**39,669**
Corporate Items	(274,138)	13,423	(11,948)	283,985	1,724	4,623	**17,669**
Total	**(9,634)**	13,650	(31,120)	310,814	18,095	(8,043)	**293,762**

Housing Revenue Account

The Housing Revenue Account (HRA) is a separate account for all the expenses and income relating to council housing. The HRA outturn for 2023/24 was an in-year surplus of -£12.666m compared to the original budget assumptions. This in-year surplus has been transferred to earmarked reserves. The surplus relates to technical adjustments and timing differences in the HRA business plan, including a significant underspend in revenue contributions to capital expenditure and reduced capitalisation of salary costs. This in-year surplus will be used in future years to fund capital investment and ongoing revenue pressures linked to legal disrepair, damp and mould and meeting building safety requirements. This will lead to an overall neutral impact on the HRA business plan.

HRA Income and Expenditure	Net Budget £000	Net Outturn £000	Over/(Under) £000
HRA Income	(239,785)	(253,045)	(13,188)
HRA Expenditure	239,785	240,379	522
Transfer to/from HRA reserves	-	(12,666)	(12,666)
Total	**-**	**-**	**-**

The HRA Statement and notes section discloses the HRA share of income and expenditure in the overall statement of accounts and movements in balances and accounting adjustments.

Total HRA earmarked reserves were £44.170m as at 31 March 2024 (£31.504m as at 31 March 2023).

Capital Expenditure and Financing

Capital expenditure of £183.803m was delivered against the revised 2023/24 budget of £189.298m, representing 97% spend against budget. The table below splits this out between the General Fund and HRA.

Capital Programme Outturn 2023/24	Revised Budget	Capital Expenditure	Re-profiling (to)/from future years
	£000	£000	£000
General Fund	51,320	46,650	(6,542)
HRA	137,978	137,153	(2,670)
Total	**189,298**	**183,803**	**(9,212)**

The financing of the 2023/24 capital programme is summarised in the table below.

2023/24 Capital Financing Sources	
	£000
Capital receipts	(26,050)
Capital grants and contributions	(40,095)
HRA Major Repairs Reserve	(20,225)
Direct revenue contributions	(5,088)
General Fund borrowing	(23,303)
HRA borrowing	(69,042)
Total	**(183,803)**

Collection Fund

As a billing authority, Islington Council acts as both agent, collecting council tax and national non-domestic rates (NNDR) on behalf of its major preceptor (the Greater London Authority, GLA) and central government (NNDR only), and as principal, collecting council tax and NNDR for itself.

Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NNDR. During the financial year all council tax and NNDR receipts are paid into the council's Collection Fund, and payments are made to the council's General Fund, the Greater London Authority and central government (NNDR only) as per the agreed budget amounts set at the start of the financial year. By the end of the financial year the Collection Fund will either be in deficit or surplus depending upon whether the local tax income is more or less than what was expected at the start of the financial year. Regulations prescribe the calculation of these surpluses or deficits and their apportionment.

The table below summarises each organisation's share of council tax and NNDR income collected in Islington in 2023/24.

	Council tax income	NNDR income
Islington Council	76.07%	30.00%
Greater London Authority	23.96%	37.00%
Central Government	N/A	33.00%

The overall Collection Fund surplus or deficit is affected by a number of variables such as movements in the gross taxbase (e.g. the number of properties in the borough and for business rates, the impact of business rate appeals), offsetting deductions to bills (e.g., single person discount and council tax support for council tax and mandatory charitable relief for business rates) and the collection rate. Any surplus or deficit on the Collection Fund will not impact the council's budget until the following financial year due to accounting regulations. The forecast surplus or deficit on the Collection Fund is made annually in January and factored into the budget setting estimates for the subsequent financial year.

Council Tax Outturn

The 2023/24 council tax outturn is a +£1.908m deficit (£1.459m Islington share) compared to the assumptions at 2023/24 budget setting. This comprises a £0.474m in-year 2023/24 deficit and an additional £1.434m deficit brought forward from 2022/23.

NNDR Outturn

The 2023/24 NNDR outturn is a -£40.741m surplus (£12.222m Islington share) compared to the estimated position at 2023/24 budget setting. This comprises a -£28.133m in-year 2023/24 surplus and an additional -£12.608m surplus brought forward from 2022/23. This in-year NNDR surplus is partially offset by a reduction in Business Rates Retention Scheme Section 31 Grant income (in Note 5) compared to estimates at the start of the year.

Treasury Management

As at 31 March 2024, the council had £103.200m of treasury investments (£53.700m as at 31 March 2023). The investments were for periods ranging from a week to 364 days at an average interest rate of 4.85%. The increase in the treasury investments position was mainly due to a large capital grant receipt in advance received in March 2024.

Total long-term debt was £342.544m at 31 March 2024 (£265.606m as at 31 March 2023). The average rate of interest on the council's external debt increased from 4.06% in March 2023 to 4.14% in March 2024.

During the year, the council complied with the treasury limits and Prudential Indicators set out in the council's Annual Treasury Management and Investment Strategy 2023/24.

The main factors that would affect the council's treasury management position in the future are:

- Capital expenditure and asset sales
- Usable reserve balances
- Appeals and insurance provisions
- Grants and contributions received in advance or unapplied

Pension Liability

The estimated pension liability facing the council is £94.183m as at 31 March 2024 (£219.084m as at 31 March 2023). This liability shows the underlying commitments that the council has in the long term to pay retirement benefits. It has decreased by £124.901m as at 31 March 2023 due to changes in actuarial assumptions.

The estimated pension liability has a substantial impact on the net worth of the council as recorded in the Balance Sheet However, statutory arrangements for funding the deficit mean that the financial position of the council remains healthy.

The deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Significant provisions and contingencies and material write offs

The Balance Sheet includes provisions of £35.161m as at 31 March 2024 (£40.989m as at 31 March 2023). The most significant provision is the insurance claims provision of £16.319m (£16.345m as at 31 March 2023). Since 1992/93, the council has self-funded many of its insurable risks and a large part of the provision relates to claims submitted against the council since then which are still open.

Looking Ahead – Medium-Term Financial Strategy

The medium-term financial outlook remains very challenging due to continued economic and political uncertainty. There has been some easing (but by no means eradication) of the cost-of-living crisis affect the council and its residents. This has been due to easing energy and food prices, which have had a downward impact on the Consumer Prices Index (CPI), but with high, prevailing prices remaining generally. There remains a considerable level of economic uncertainty, with the quarterly Gross Domestic Product figures only just climbing into positive territory following a recession at the end of 2023. Further uncertainty impacting medium-term financial forecasting is the July 2024 General Election, which has a knock-on consequence in potentially delayed government funding announcements.

At a local level, inflation has resulted in significant budget pressures, particularly in respect of recent local government pay awards for council staff and the impact of London Living Wage and National Living Wage increases on council contracts for Adult Social Care provision.

In addition to inflation, very high demand pressures have continued to be evident in the 2023/24 quarterly budget monitoring reports. These pressures are anticipated to continue into the 2024/25 financial year and to remain over the medium to longer term.

The medium-term budget setting process will require focus on the council's outcomes and the budget envelope available to deliver on this. Despite the very challenging financial position faced in 2023/24, the council has managed to protect and enhance the vital council services that residents rely on whilst delivering an overall balanced budget position. Future budget processes will continue to prioritise enabling the delivery of the principles and priorities set out in the council's Strategic Plan – Islington Together 2030. Budget proposals will continue to support manifesto commitments and put strategic principles into practice, whilst at the same time mitigating cost increases through management actions and delivering efficiencies and service reconfigurations so that the council can live within its means.

To live within its means, the 2023/24 financial outturn position of significant frontline service budgetary pressures offset by centrally held contingency budgets for inflation and demand pressures highlights the importance of maintaining and strengthening the council's financial resilience.

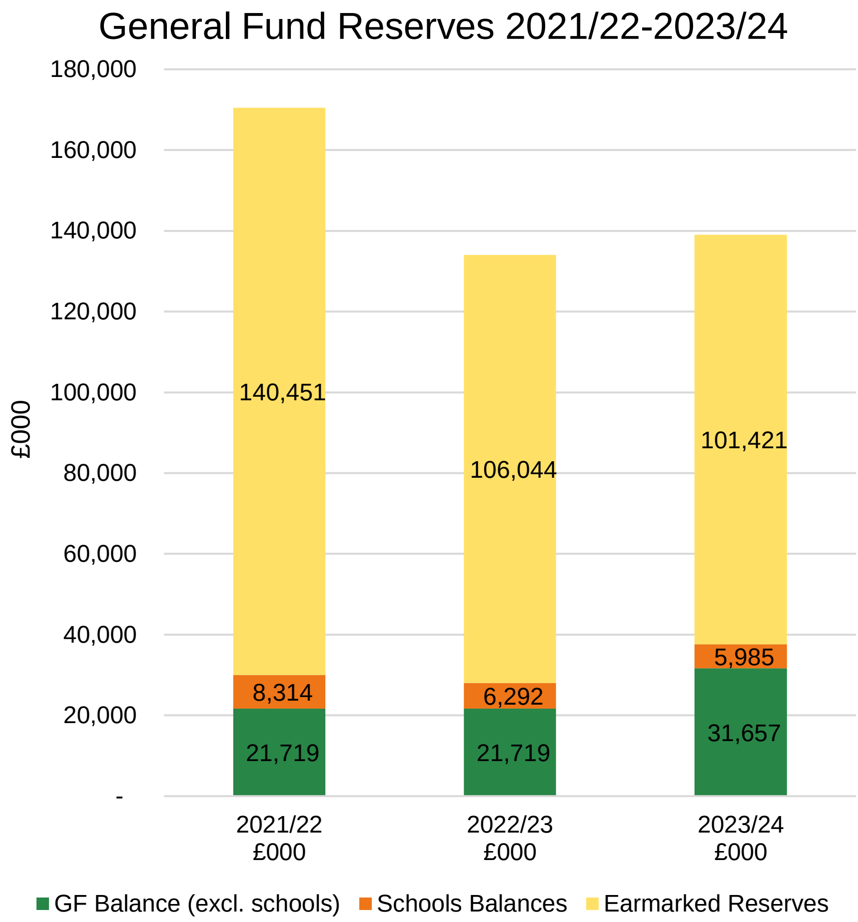
General Fund Reserves

The council is required to maintain an adequate level of General Fund balance and earmarked reserves, whilst schools and HRA balances are ringfenced for specific services. However, the council can use earmarked reserves to supplement the budget if they are being used for the purpose they were earmarked or are no longer required. General Fund and HRA earmarked reserves are detailed in Note 14.

General Fund earmarked reserves totalled £101.421m as at 31 March 2024 (£106.044m as at 31 March 2023). This decrease of £4.623m in 2023/24 included a transfer from earmarked reserves to the General Fund balance of £10.000m.

The General Fund balance (excluding schools balances) increased from £21.719m as at 31 March 2023 to £31.657m as at 31 March 2024 (an increase of £9.938m). This supports progress toward the target level of £40m in the council's medium-term financial strategy.

Schools balances totalled £5.985m as at 31 March 2023 (£6.292m as at 31 March 2023).



Key Cost Pressures

The most significant cost pressures facing council services are summarised below.

- Adults Social Care Pay Contracts – The council contracts staff to provide social care provision across the borough and is required to pay National and London Living Wages as part of these contracts. This is set by the Living Wage Foundation annually and the council ultimately bears the additional cost.

- Temporary Accommodation (TA) and No-Recourse to Public Funds (NRPF) – The combination of high inflation on private sector rents and energy bills impacts the Council's expenditure on TA and NRPF. Attempts are made to control this through representation in the London Councils Inter-Borough Temporary Accommodation agreement.

- Parking NSL Staffing Contract – Inflationary growth is required to meet pressures existing from 2023/24 and forecast in 2024/25 as a result of high inflation levels, London Living Wage announcements and Cost-of-Living pay claims contributions.

- Children Looked After Placements – Inflationary growth for Residential and Independent Fostering Agency Placements. There is a programme of management actions in place to reduce placement cost pressures.

- The increasing quantum and complexity of demand for council services such as Adult Social Care and Looked After Children Placements. Based on latest published estimates, the MTFS assumes required demographic budget growth of £11m in 2024/25 and on average £12m per annum over the remainder of the medium term. This is the net budget growth requirement after planned management actions to mitigate cost increases.

General Fund Budget 2024/25

On 29 February 2024, the council agreed its budget for 2024/25 and set a council tax requirement of £118.221m. This resulted in a basic amount of band D council tax of £1,449.41 (representing a council tax increase of 4.99%) and a total amount of band D council tax (including GLA precept) of £1,920.53.

The agreed 2024/25 budget is summarised below.

Planned Revenue Expenditure	2024/25 £000
Council Directorates	
Adult Social Care	57,067
Chief Executive's Directorate	52
Children and Young People	81,854
Community Wealth Building	17,655
Environment and Climate Change	(10,042)
Community Engagement and Wellbeing	13,860
Homes and Neighbourhoods	13,081
Resources and Central Costs	102,426
Net Cost of Services	**275,953**
Funded By:	
Settlement Funding Assessment (SFA)	(123,501)
Other Business Rates Related Income	(28,100)
Non-Specific Grants	(1,292)
Collection Fund Surplus	(4,839)
Council Tax Requirement	**118,221**

Capital Programme 2024/25-2026/27

On 29 February 2024, the council agreed a capital programme of £690.880m over the three years 2024/25 to 2026/27.

Capital Expenditure	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
General Fund	91,669	75,045	78,452	**245,166**
HRA	238,741	109,637	97,336	**445,714**
Total	**330,410**	**184,682**	**175,788**	**690,880**

The financing of the agreed capital programme is shown below.

Capital Financing	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Capital receipts	46,141	91,217	65,964	**203,322**
Capital grants and contributions	106,195	36,935	37,743	**180,873**
General Fund borrowing	49,436	25,714	32,494	**107,644**
HRA borrowing	128,638	30,816	39,587	**199,041**
Total	**330,410**	**184,682**	**175,788**	**690,880**

Key Risks

The identification and mitigation of risks at Islington Council is a dynamic process, with risk management embedded in decision-making. The council maintains a Principal Risk Report (the corporate risk register) which identifies the key risks to achieving the council's strategic objectives, and the actions being taken to mitigate risks.

The Council has articulated 28 principal risks as at May 2024. The Council continues to operate in a heightened risk environment. Key risk themes are currently presenting as follows:

- Financial Resilience of the Council
- Cost of Living Crisis
- Legislative and Regulatory Environment
- Other specific risks on the risk register are summarised in the table below. This section will be updated following finalisation of the Principal Risk Report in June 2024.

No.	Risk	Detail
1	New Build Programme delivery	The external risk environment continues to be challenging, including risk to contractor resilience. Regulatory changes relating to building safety is likely to impact on programme timelines.
2	Climate Change Resilience and Adaptation	The Net Zero Carbon programme has been expanded to include climate adaptation and renamed Climate Action programme. Significant intervention and resource are needed to deliver a climate resilient Islington. The risk score has been increased to reflect this.
3	Financial Resilience of Residents – Failing to appropriately support residents	The impact of the cost-of-living crisis on residents is expected to continue through 2024/25. The council continues to deliver a broad programme of interventions to mitigate the worst impacts for our low-income households.
4	Cost of Energy	This risk of increasing energy costs and volatility in the energy market has stabilised since 2022, with prices steadily falling. The public buying organisation LASER has locked prices for the 2024/25 period and therefore this risk presents as stable over the next 12 months. However, risk exposure remains high due to global events which could impact on energy markets.
5	Financial Stability and Resilience	The council has delivered a balanced budget in 2023/24 and set a balanced budget for 2024/25. The 2024/25 budget includes new savings to deliver of £10.8m in 2024/25 and £17.8m

No.	Risk	Detail
		over the medium term. The wider economic and local government financial context remains very challenging.
6	Cyber and Data Security Breach	The high-level of cyber threat continues, including increased use of artificial intelligence in cyber-attacks. The council is responding accordingly with a range of mitigations, including working towards accreditation with the National Cyber Assessment Framework and Cyber Essentials.
7	Capital Programme	The external economic environment is continuing to present a challenge. A review of non-housing assets has been completed to inform a wider review of the council's Asset Strategy.
8	Youth Crime and Serious Youth Violence – risk of increased incidents	Despite a slightly decreasing trend in youth crime in Islington since pre-pandemic, the seriousness of cases has increased. This is a very dynamic and unpredictable risk that is being monitored closely.
9	Social inequalities – Failure to demonstrate reduction in inequalities in Islington	Improving outcomes for all residents is a core aim in the council's strategic plan. The council is reviewing its governance arrangements for delivering the strategy to ensure they are fit for purpose with a targeted focus making an impact on inequalities.
10	Social care market instability cause provider failure or withdrawal	The council continues to work with the social care market to reduce the risk of adverse impact on services if providers withdraw from the market. A more robust and timely uplifts process has been implemented The Homecare contract procurement has been completed and is now in mobilisation phase.
11	Safeguarding Adults - Failure to identify or respond to preventable harm	Demand for the service is rising, including complex cases. The Islington Safeguarding Adults Board has commissioned a review exploring themes of complexity across mental health, social care and housing to build understanding of the issues.
12	Commissioning, procurement and contract management operating model	Significant legislative and regulatory changes come into force in 2024 related to procurement and contract management. Teams have been preparing for new compliance requirements, and for the new public sector procurement portal that will be launched in the autumn.
13	Health and Social Care Integration - Integrated Care System (ICS) financial and structural stability	Joint commissioning arrangements with the Integrated Care Board (ICB) has been replaced with an aligned commissioning model. The council is reviewing service delivery which falls within joint funding arrangements to assess the best delivery models going forward. ICS

No.	Risk	Detail
		financial stability remains an issue, however the council is working closely with the ICB to mitigate this risk.
14	Serious Health and Safety Incident (Occupational)	Staff awareness on incident reporting has improved which has resulted in an increase in the number of reports. Verbal and physical abuse against staff by residents continues to be an issue and targeted training is being delivered to support staff to deal with challenging situations. The operating model for health and safety functions is under review to ensure it meets the needs of the council.
15	Response and Recovery - organisational preparedness, resilience and business continuity	The new Islington Resilience Board is being established which will increase capacity and capability of responding to incidents. Uncertainty around the new proposed Protect Duty remains and it is not yet clear what, if any, enforcement duties will fall on local authorities.
16	Serious Health & Safety incident in Housing (Including Fire Safety)	There were no serious health and safety incidents reportable to Health and Safety England in 2023/24. The service has prepared for the new compliance requirements under the new fire safety regulation and awaits assessments of its 87 tall buildings building safety cases.
17	Safeguarding Children	The service continues to see a rise in complex cases. Cost of living pressures and Brexit are having a continuing impact on the recruitment market for social workers and the council is working locally and nationally to address this challenge. The service is also reviewing its workforce strategy.
18	Increasing homelessness pressures	The use of temporary accommodation increased by 28% in Islington in 2023/24 compared to the previous year, and this trend is expected to continue.
19	Diverse and Skilled Workforce – Attracting diverse talent	A new workforce strategy was launched in 2023 and a talent attraction strategy is being implemented. The strategy identifies skills gaps, hard to recruit areas and action to resolve this.
20	Serious information breach or non-compliance with legislation	The council has reported two data breaches to the Information Commissioner's Office since the last principal risk report. One was closed with no further action, and one is still under review by ICO (as at April 2024).
21	Domestic Violence Abuse – effective practice and provision for victims	There continues to be an increasing trend in referrals, but numbers are increasing less steeply. While the team is relatively well resourced to meet demand, it is impacted by pressures in other services such as housing, adult social care, police and probation services.

No.	Risk	Detail
22	Well managed workforce to deliver corporate priorities	The new programme 'Leading with CARE' is being piloted and rolled out in 2024, as part of investing in a high performing workforce. The new performance development framework has been rolled out following the launch in April 2023.
23	Pupil attainment gap - Systemic failure to promote attendance and quality provision and interventions	2023 data shows that Islington pupils continue to achieve in line with national figures but there is more to do to bring results in line with inner-London averages and to address disproportionality. The council continues to work in partnership with schools and settings as set out in the Education Plan to address these issues.
24	Change Programme Delivery – corporate governance	A new Mission Delivery Board has been established to operate as the central accountability and monitoring structure for change programmes aligned to strategic mission delivery. The new delivery model will be underpinned by a clear governance structure which will provide tighter overview of programme delivery.
25	Serious fraudulent activity	The team continues to deliver both reactive and proactive investigations as well as robust application of the whistleblowing policy.
26	Effective IT Transformation and Resilience	Most of the critical resilience applications and systems have now been moved to cloud-hosted services. Over the next year, the team will develop plans for moving the data centre out of 222 Upper Street to a more resilient environment.
27	Non-Recent Child Abuse	The payment scheme closed on 31 May 2024 for new applicants. An exit strategy is being developed for managing the closure of the scheme.
28	School viability and place planning	The School Deficit Management Board continues to provide scrutiny and challenge to schools to ensure they take action to achieve balanced budgets. The council is continuing to implement its School Organisational Plan which to date is taking forward one school closure and two school mergers.

Explanation of the accounts

This Statement of Accounts comprises:

- Statement of Responsibilities for the Statement of Accounts
- Financial Statements
- Notes to the accounts (including pension disclosures, and the Statement of Accounting Polices which sets out policies adopted for the preparation of the accounts)

The financial statements contain the core financial statements grouped together and the supplementary single entity financial statements relevant to this council.

The core financial statements comprise:

- Movement in Reserves Statement – showing the movement on the different reserves held by the council, analysed into usable reserves (those that can be applied to fund expenditure or reduce taxation) and other reserves.
- Comprehensive Income and Expenditure Statement – a summary of the resources generated and consumed by the council in the year.
- Balance Sheet – highlights the council's financial position as at 31 March 2024, in particular, what it owns versus what it owes.
- Cash Flow Statement – illustrates the council's total cash transactions in the financial year, split between revenue expenditure (day-to-day expenditure), capital expenditure (long-term investment in assets) and financing transactions (how we pay for the expenditure).

The supplementary financial statements applicable to Islington council comprise:

- Housing Revenue Account Income and Expenditure Account and Statement of Movement on the Housing Revenue Account Balance – transactions relating to council dwellings.
- Collection Fund – receipts and payments relating to council tax and business rates.
- The Pension Fund Account and amounts attributable to trust funds are shown separately because they are not part of the council's single entity accounts. For the Pension Fund administered by Islington council, these include:
  - Fund Account – a summary of the resources generated and consumed by the fund in the year
  - Net Assets Statement – shows the Pension Fund's financial position as at 31 March 2024

The Expenditure and Funding Analysis (Note 1) gives a clear link between in-year reporting of financial performance and the final outturn set out in the core financial statements.

In common with most other local authorities, the Pension Fund has a deficit. The council asks an independent actuary to review the Pension Fund's position every three years and advise how to set the contributions to the Pension Fund to address the deficit. Such a review took place as at 31 March 2022. More information can be found in the Pension Fund Account section.

Accounting Policies, Critical Judgements and Assumptions

Accounting Policies

i. General Principles

The Statement of Accounts summarises the council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The council is required by the Accounts and Audit Regulations 2015 to prepare an annual Statement of Accounts in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

The Statement of Accounts has been prepared on a going concern basis. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

The historical cost convention has been applied, modified by the valuation of certain categories of non-current assets and financial instruments, as set out in these accounting policies.

ii. Charges to Revenue for Non-Current Assets

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

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

The council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual Minimum Revenue Provision (MRP) to contribute 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).

Depreciation, revaluation and impairment losses and amortisations are therefore replaced way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

iii. Council Tax and National Non-Domestic Rates (NNDR)

The council tax and NNDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the council's share of accrued income for the year. However, regulations determine the amount of council tax and NNDR that must be credited to the council's General Fund.

The difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

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

iv. Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to the Corporate Costs service segment in the CIES at the earlier of when the council can no longer withdraw the offer of those benefits or when the council recognises costs for a restructuring.

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

Post-Employment Benefits

Employees of the council are members of one of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pension Scheme, administered by Islington Council and by the London Pensions Fund Authority (LPFA) for former employees of the Greater London Council and the Inner London Education Authority.
- The NHS Pension Scheme, administered by NHS Pensions.

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

However, the arrangements for the Teachers' scheme and NHS scheme mean that liabilities for these benefits cannot ordinarily be identified to the council. These schemes are therefore accounted for as if they were defined contributions schemes and no liability for future payments of benefits, other than those relating to discretionary pension benefits, is recognised in the Balance Sheet. Within the CIES, the Children and Young People's service line and Public Health service line respectively are charged with the employer's contributions payable to the schemes in the year.

The Local Government Pension Scheme

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

- The liabilities attributable to the service areas of both Islington Council and LPFA pension funds are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.9% for the LGPS administered by Islington Council and 4.85% for the LGPS administered by LPFA. This is based on the indicative rate of return on high quality corporate bonds (Sterling Corporate Index, AA over 15 years).

The assets of both pension funds attributable to the council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value

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

- Service cost comprising:
    - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CIES to the revenue accounts of the services for which the employees worked.
    - Past service cost – the increase in liabilities arising from current year decisions (scheme amendment or curtailment) whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Corporate items.
    - Net interest on the net defined benefit liability (i.e. net interest expense for the authority) – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements, comprising:
    - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Islington Council and LPFA pensions fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to a 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.

v. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

Financial Assets

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

- Amortised cost
- Fair value through profit and loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

The council'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).

Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the

CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES the amount receivable for the year in the loan agreement.

However, the council has made a number of loans at less than market rates (soft loans), e.g. to employees, voluntary organisations or other entities. When soft loans are made, and if material, a loss is recorded in the CIES for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income line in the CIES at a marginally higher effective rate of interest than the rate receivable from the soft loan debtor, with the difference increasing the amortised cost of the loan in the Balance Sheet.

Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account (which forms part of Unusable Reserves) in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service or Financing and Investment Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Expected Credit Loss Model

The council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the council.

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

Fair Value through Other Comprehensive Income (FVOCI)

This applies where cash flows are solely payments of principal and interest and the council's business model for managing the assets is to collect those cash flows and to sell the assets.

However, the council holds equity investments that would otherwise be accounted for under FVPL but has elected for these to the accounted for as fair value through other comprehensive income.

Financial assets that are measured at FVOCI are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

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

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

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

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

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

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

vi. Income from Grants and Contributions

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

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

Amounts recognised as due to the council are not credited to the CIES until the council has satisfied any conditions attached to the grant or contribution that would require repayment if not met.

Grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the capital grant is used to finance capital expenditure, it is credited to the Capital Grants Unapplied Account.

Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to finance capital expenditure.

vii. Investment Properties

Investment properties are those that are held 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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually 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 CIES. The same treatment is applied to gains and losses on disposal, measured as the difference between the carrying amount and sale proceeds.

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.

viii. Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability.
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the council at the end of the lease period).

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

x. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. Expenditure below £10,000 is treated as de minimis and charged to revenue unless it is on existing assets and increases the value of the asset or is part of a group of similar assets.

Measurement

Assets are initially measured at cost, comprising:

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

The council does not capitalise borrowing costs incurred whilst assets are under construction.

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

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

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

- Assets are then carried in the Balance Sheet using the following measurement bases:
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV–SH)
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value.
- School buildings – current value, but because of their specialist nature, are measured at depreciated replacement

cost which is used as an estimate of current value.

- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- Vehicles, Plant and Equipment (VPE) – depreciated historic cost is used as a proxy for current value
- Community Assets and Assets under Construction – Depreciated historical cost.
- Infrastructure – depreciated historical cost basis. However, this is a modified form of historical cost - opening balances for highways infrastructure assets were originally recorded in Balance Sheet at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value or EUV)

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

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

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

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

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

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

Impairment

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

Where impairment losses are identified, they are accounted for in the following way:

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation charges commence in the year following acquisition or 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, furniture and equipment – Straight-line allocation over the useful life of the asset as advised by a suitably qualified officer
- Infrastructure – Straight-line allocation over the average useful life of the network as estimated by the Highways Engineer.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Components which are integral part of the host asset are held under the same asset class as the host.

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). 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. A proportion of receipts relating to housing disposals is payable to the government. The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment [or set aside to reduce the council's underlying need to borrow (the capital financing requirement)]. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Assets under Construction

Where works will result in an asset but the works are not completed by the end of the financial year and the asset is not yet in operational use, the cost is charged to Assets under Construction within Non-Current Assets in the Balance Sheet. Assets under Construction are carried in the Balance Sheet at accumulated historical cost during the period of construction and are exempt from depreciation. In exceptional cases, impairment losses might need to be charged during the construction period, should they arise. Once assets are ready for operational use, the assets are reclassified and valued in accordance with the basis relevant to that particular class of assets.

xi. Private Finance Initiative (PFI)

PFI / Service Concession Agreements

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor.

Where the council is deemed to control the services that are provided under its PFI schemes and other arrangements, and as ownership of the Property, Plant and Equipment will pass to the council at the end of the contracts for no additional charge, the council carries such assets on the Balance Sheet during the length of such contracts as part of Property, Plant and Equipment.

The original recognition of these non-current assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets (capital investment). Where the council agrees to make up front capital contributions (to reduce the annual payment over the duration of the agreement), they are used to reduce the liability.

The non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as other non-current assets owned by the council.

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

- Fair value of the services received during the year – Debited to the relevant service in the CIES.
- Finance cost – An interest charge on the outstanding Balance Sheet liability, debited to Financing and Investment Income and Expenditure line in the CIES.
- Contingent rent – Increases in the amount to be paid for the property arising during the contract, debited to Financing and Investment Income and Expenditure line in the CIES.
- Payment towards liability – Applied to write down the Balance Sheet liability towards the PFI operator ((the profile of write-downs is calculated using the asset life method).
- Lifecycle replacement costs – Debited to the relevant service in the CIES.

xii. Provisions

Provisions

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

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

xiii. Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. 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.

Certain reserves are held to manage the accounting processes for non-current assets, financial instruments, local taxation and retirement and employee benefits and do not represent usable resources for the council – these reserves are explained in the relevant policies.

xiv. Revenue Expenditure Funded from Capital under Statute

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

xv. Value Added Tax (VAT)

Income and expenditure excludes any amounts related to VAT, where VAT collected is payable to HM Revenue and Customs and VAT paid is recoverable from them. Where VAT is not recoverable it is included as an expense.

xvi. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance. Each service segment includes the appropriate charges for the use of its non-current assets and appropriate employee benefit accrued costs.

xvii. Schools

The Code specifies that all schools maintained by the council are deemed to be under the council's control (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended). Those schools' assets, liabilities, reserves and cash flows are consolidated into in the council's financial statements, applying the same accounting policies for recognition and measurement as those applied by the council to its own transactions. Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the council as if they were the transactions, cash flows and balances of the council.

xviii. Fair Value Measurement of Non-Financial Assets

The council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each Balance Sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

The council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the 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.

Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out on the previous pages, the council has had to make certain judgements about complex transactions or those involving uncertainty about future events. These are detailed below:

Group Accounts The council wholly owns a trading vehicle, Islington Limited (ICo)provides a number of services such as memorials and pest control services. Its gross turnover in 2022/23 was £516k, and it had gross assets and liabilities of £2,129k and £1,973k, respectively. None of its income was from the council however it paid £167k (of total spend of £527k – 32%) to the council for services. The council's control and significant influence over the company means it falls within the council's group accounts boundary, but the council has not prepared group accounts because it is considered immaterial.	**PFI Accounting** The council has deemed five PFI / Service Concession schemes as on-The value of the assets used to deliver these schemes and the outstanding liability are shown on the council's Balance Sheet. Further details about the schemes are provided in Note 18.

Accounting Standards Issued, But Not Yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) requires an authority to disclose information in the 2023/24 financial statements about new accounting standards that have been issued but not yet adopted.

For the 2024/25 financial year, the council must implement IFRS 16 Leases, applying the provisions as they have been adopted in the 2024/25 Accounting Code.

The main impact of IFRS 16 will relate to property that the council holds under operating leases, for which assets and liabilities are not currently recognised and rents are generally charged as revenue expenditure when they are payable. Under IFRS 16, the accounting treatment for all leases (except those with a term of less than 12 months and those involving low value items) will be to recognise a right-of-use asset in the Balance Sheet, measuring the value of the ight to use the property over the remaining term of the lease. The Balance Sheet will also include a liability for the rents payable before the lease expires.

When rents are paid, they will be applied partly to write down the liability and partly charged as interest on the outstanding liability. The cost of the right-of-use asset will be reflected in depreciation charges in the Comprehensive Income and Expenditure Statement. However, statutory arrangements are in place that will allow the impact on the General Fund Balance to be unchanged – ie, that the overall charge for each year will be the rents payable in that year.

Based on the minimum lease payments outstanding as at 31 March 2024 disclosed in Note 17, it is estimated that the transition will result in the recognition of new assets and liabilities in the Balance Sheet of £9,413k.

There are no other changes in accounting standards for 2024/25 that are anticipated to have a material impact on the council's financial performance or financial position.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the council's Balance Sheet as at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are set out below.

Pensions Liability

The value of the Pensions Liability is calculated by a qualified actuary in accordance with current accounting requirements and based on the information provided by the Pension Fund.

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Any variation in these assumptions will affect the recognised liability, for example, if the assumed longevity increased by 1 year the net liabilities would increase by £45,594k. A further sensitivity analysis is provided in Note 30.

Asset Valuations

The council's Property Plant and Equipment (PPE) are held on a long-term basis and require regular valuation to ensure the council's financial statements accurately reflect the true worth of its assets. Valuations are undertaken by qualified professionals (see Note 15) to provide up to date assessments using accepted valuation bases and methods.

In the 2023/24 financial year 99.9% of the council's operational property assets were subject to an inspection and full valuation, which has minimised the uncertainty around potential impairment of assets that are not subject to valuation. A movement of 1% in PPE valuations would result in a change in asset value of £45,346k and a change in depreciation charge of £466k in the CIES.

The largest item of PPE held by the council is council dwellings. The Housing Revenue Account (Accounting Practices) Direction 2007 requires authorities to use the specific bases and methods of valuation set out in the Guidance on Stock Valuation for Resource Accounting Guidance for 2016. Existing Use Value for Social Housing (EUV–SH) is to be arrived at using beacon properties to assess the vacant possession value for properties. An adjustment factor is then applied to reflect the additional risk and liability that public sector landlords undertake when compared with private sector investors.

A 1% change in the adjustment factor would change the valuation of council dwellings by £131,853k.

Core Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents).

Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis (Note 1) and the Movement in Reserves Statement.

2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Expenditure £000	Comprehensive Income and Expenditure Statement	2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Expenditure £000	Notes
135,961	(53,367)	**82,594**	Adult Social Care	137,174	(79,598)	**57,576**	
323,496	(216,560)	**106,936**	Children and Young People	316,456	(232,424)	**84,032**	
98,351	(68,938)	**29,413**	Environment and Climate Change	88,619	(70,120)	**18,499**	
32,819	(19,976)	**12,843**	Homes and Neighbourhoods	49,671	(31,992)	**17,679**	
35,578	(34,693)	**885**	Public Health	33,844	(33,969)	**(125)**	
11,576	(621)	**10,955**	Community Engagement and Wellbeing	20,033	(2,308)	**17,725**	
55,702	(34,860)	**20,842**	Community Wealth Building	55,311	(31,215)	**24,096**	
2,853	(127)	**2,726**	Chief Executive's Directorate	321	-	**321**	
196,074	(154,291)	**41,783**	Resources Directorate	194,321	(154,652)	**39,669**	
15,904	(723)	**15,181**	Corporate Items	20,272	(2,603)	**17,669**	
291,392	(230,778)	**60,614**	Housing Revenue Account (HRA)	267,818	(251,197)	**16,621**	
1,199,706	**(814,934)**	**384,772**	**Net Cost of Services**	**1,183,840**	**(890,078)**	**293,762**	
17,000	(33,408)	**(16,408)**	Other operating expenditure	27,563	(41,213)	**(13,650)**	**3**
49,423	(6,980)	**42,443**	Financing and investment income and expenditure	38,262	(7,142)	**31,120**	**4**
1	(305,688)	**(305,687)**	Taxation and non-specific grant income and expenditure	-	(310,815)	**(310,815)**	**5**
1,266,130	**(1,161,010)**	**105,120**	**(Surplus) or Deficit on Provision of Services**	**1,249,665**	**(1,249,248)**	**417**	
		71,924	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			**133,787**	**15**
		18	(Surplus) or deficit from investments in equity instruments designated at fair value			**(29)**	
		(759,976)	Actuarial (gains) or losses on pension assets or liabilities			**(114,919)**	**13**
		(688,034)	**Other Comprehensive Income and Expenditure**			**18,839**	
		(582,914)	**Total Comprehensive Income and Expenditure**			**19,256**	

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' and 'unusable reserves'. The Movement in Reserves 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.

Movement in Reserves during 2023/24

Movement in reserves during 2023/24	General Fund £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Useable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000	Notes
Balance as at 31 March 2023 carried forward	**(134,054)**	**(49,025)**	**(49,988)**	**(921)**	**(24,807)**	**(258,795)**	**(4,038,503)**	**(4,297,298)**	
Movement in reserves during 2023/24									
Total Comprehensive Income and Expenditure	(8,320)	8,737	-	-	-	**417**	**18,839**	**19,256**	
Adjustments between accounting basis & funding basis under regulations	3,310	(21,403)	(14,620)	(15,775)	(5,005)	**(53,493)**	**53,493**	**-**	**12**
(Increase) / decrease in 2023/24	**(5,010)**	**(12,666)**	**(14,620)**	**(15,775)**	**(5,005)**	**(53,076)**	**72,332**	**19,256**	
Balance as at 31 March 2024 carried forward	**(139,064)**	**(61,691)**	**(64,608)**	**(16,696)**	**(29,812)**	**(311,871)**	**(3,966,171)**	**(4,278,042)**	

General Fund and HRA Balance analysed over:			Notes
Earmarked reserves	(101,421)	(44,170)	**14**
Balances not earmarked	(37,643)	(17,521)	
Balance as at 31 March 2024	**(139,064)**	**(61,691)**	

Movement in Reserves during 2022/23

Movement in reserves during 2022/23	General Fund £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Useable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000	Notes
Balance as at 31 March 2022 carried forward	**(173,320)**	**(75,758)**	**(42,026)**	**(4,201)**	**(18,599)**	**(313,904)**	**(3,400,480)**	**(3,714,384)**	
Movement in reserves during 2022/23									
Total Comprehensive Income and Expenditure	73,209	31,911	-	-	-	**105,120**	**(688,034)**	**(582,914)**	
Adjustments between accounting basis & funding basis under regulations	(33,943)	(5,178)	(7,962)	3,280	(6,208)	**(50,011)**	**50,011**	**-**	**12**
(Increase) / decrease in 2022/23	**39,266**	**26,733**	**(7,962)**	**3,280**	**(6,208)**	**55,109**	**(638,023)**	**(582,914)**	
Balance as at 31 March 2023 carried forward	**(134,054)**	**(49,025)**	**(49,988)**	**(921)**	**(24,807)**	**(258,795)**	**(4,038,503)**	**(4,297,298)**	

General Fund and HRA Balance analysed over:			Notes
Earmarked reserves	(106,044)	(31,504)	**14**
Balances not earmarked	(28,010)	(17,521)	
Balance as at 31 March 2023	**(134,054)**	**(49,025)**	

Balance Sheet

31 March 2023 £000	Balance Sheet	31 March 2024 £000	Notes
4,941,918	Property, Plant & Equipment	4,844,051	**15**
487	Heritage Assets	487	
43,640	Investment Properties	41,246	**16**
10,721	Long-term Investments	717	**20**
6,158	Long-term Debtors and Prepayments	10,236	**23**
5,002,924	**Total Long-term Assets**	**4,896,737**	
30,676	Short-term Investments	35,879	**20**
1,439	Short-term Assets Held for Sale	868	
1,769	Inventories	1,557	
133,894	Short-term Debtors and Prepayments	125,251	**23**
13,651	Cash and Cash Equivalents	68,295	**22**
181,429	**Total Current Assets**	**231,850**	
(26,615)	Cash and Bank Overdrawn	(13,305)	**22**
(191,746)	Short-term Creditors	(182,375)	**24**
(24,899)	Short-term Grants Receipts in Advance	(62,966)	**25**
(46,007)	Short-term Borrowing	(32,254)	**20**
(21,439)	Short-term Provisions	(19,633)	**26**
(310,707)	**Total Current Liabilities**	**(310,533)**	
(20,643)	Long-term Grants Receipts in Advance	(43,752)	**25**
(242,481)	Long-term Borrowing	(313,877)	**20**
(74,591)	Other Long-term Liabilities	(72,672)	**20**
(19,549)	Long-term Provisions	(15,528)	**26**
(219,084)	Liability Related to Defined Benefit Pensions Scheme	(94,183)	**30**
(576,348)	**Total Long-term Liabilities**	**(540,012)**	
4,297,298	**Net Assets**	**4,278,042**	
(258,795)	Usable Reserves	(311,871)	**MIRS**
(4,038,503)	Unusable Reserves	(3,966,171)	**13**
(4,297,298)	**Total Reserves**	**(4,278,042)**	

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cashflow 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.

2022/23 £000	Cashflow Statement	2023/24 £000	Notes
(105,120)	**Net surplus or (deficit) on the provision of services**	**(417)**	
92,051	Adjustments to the net surplus or deficit on the provision of services for non-cash movements	128,873	
(76,855)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(86,281)	
(89,924)	**Net cash flows from operating activities**	**42,175**	**27**
(17,011)	Investing Activities	(20,398)	**28**
79,258	Financing Activities	46,177	**29**
(27,677)	**Net increase or (decrease) in cash and cash equivalents**	**67,954**	
14,713	Cash and Cash equivalents at the beginning of the reporting period	(12,964)	
(12,964)	**Cash and cash equivalents at the end of the reporting period**	**54,990**	**22**

Notes to the Comprehensive Income and Expenditure Statement

Note 1 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2022/23 Net Expenditure Chargeable to the General Fund and HRA Balances £000	2022/23 Adjustments between the Funding and Accounting Basis £000	2022/23 Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Expenditure and Funding Analysis	2023/24 Net Expenditure Chargeable to the General Fund and HRA Balances £000	2023/24 Adjustments between the Funding and Accounting Basis £000	2023/24 Net Expenditure in the Comprehensive Income and Expenditure Statement £000
78,555	4,039	**82,594**	Adult Social Care	**57,261**	315	**57,576**
84,706	22,229	**106,936**	Children and Young People	**76,706**	7,326	**84,032**
4,198	25,215	**29,413**	Environment and Climate Change	**63**	18,436	**18,499**
4,834	8,009	**12,843**	Homes and Neighbourhoods	**11,664**	6,015	**17,679**
190	695	**885**	Public Health	**(71)**	(54)	**(125)**
8,895	2,060	**10,955**	Community Engagement and Wellbeing	**18,294**	(569)	**17,725**
14,524	6,318	**20,842**	Community Wealth Building	**21,497**	2,599	**24,096**
2,284	442	**2,726**	Chief Executive's Directorate	**317**	4	**321**
35,738	6,045	**41,783**	Resources Directorate	**40,493**	(824)	**39,669**
(194,658)	209,839	**15,181**	Corporate Items	**(231,234)**	248,903	**17,669**
26,733	33,881	**60,614**	Housing Revenue Account (HRA)	**(12,666)**	29,287	**16,621**
65,999	**318,773**	**384,772**	**Net Cost of Services**	**(17,676)**	**311,438**	**293,762**
-	(279,652)	**(279,652)**	Other Income and Expenditure	**-**	(293,345)	**(293,345)**
65,999	**39,121**	**105,120**	**(Surplus) or Deficit**	**(17,676)**	**18,093**	**417**
(249,078)			Opening General Fund and HRA Balance	**(183,079)**		
65,999			Less Deficit on General Fund and HRA Balance in Year	**(17,676)**		
(183,079)			Closing General Fund and HRA Balance	**(200,755)**		

Note 1 Expenditure and Funding Analysis continued

31 March 2022 £000		31 March 2023 £000	General Fund and HRA Balances	31 March 2023 £000		31 March 2024 £000
(21,718)	-	**(21,718)**	General Fund balances not earmarked (excluding schools)	(21,718)	(9,939)	**(31,657)**
(143,288)	37,244	**(106,044)**	General Fund Earmarked Reserves	(106,044)	4,623	**(101,421)**
(8,314)	2,022	**(6,292)**	General Fund schools balances	(6,292)	306	**(5,986)**
(173,320)		**(134,054)**	**Total General Fund Balance**	**(134,054)**		**(139,064)**
(17,521)	-	**(17,521)**	HRA balances not earmarked	(17,521)	-	**(17,521)**
(58,237)	26,733	**(31,504)**	HRA Earmarked Reserves	(31,504)	(12,666)	**(44,170)**
(75,758)		**(49,025)**	**Total HRA Balance**	**(49,025)**		**(61,691)**
(249,078)	**65,999**	**(183,079)**	**Total General Fund and HRA Balances**	**(183,079)**	**(17,676)**	**(200,755)**

Details of the adjustments between the funding basis and the accounting basis are given below.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	Adjustments for capital purposes £000	Adjustments for pensions £000	Adjustments between accounting policies for reporting £000	Other adjustments £000	Total adjustments £000
Adult Social Care	392	(116)	-	39	**315**
Children and Young People	8,142	(1,282)	-	466	**7,326**
Environment and Climate Change	19,188	(697)	-	(55)	**18,436**
Homes and Neighbourhoods	6,147	(192)	-	60	**6,015**
Public Health	(32)	(10)	-	(12)	**(54)**
Community Engagement and Wellbeing	55	(647)	-	23	**(569)**
Community Wealth Building	2,859	(320)	-	60	**2,599**
Chief Executive's Directorate	-	(1)	-	5	**4**
Resources Directorate	-	(755)	-	(69)	**(824)**
Corporate Items	(42,453)	4,270	285,461	1,625	**248,903**
Housing Revenue Account (HRA)	58,271	(737)	7,884	(36,131)	**29,287**
Net Cost of Services	**52,569**	**(487)**	**293,345**	**(33,989)**	**311,438**
Other Income and Expenditure	-		(293,345)	-	**(293,345)**
(Surplus) or Deficit	**52,569**	**(487)**	**-**	**(33,989)**	**18,093**

Note 1 Expenditure and Funding Analysis continued

Adjustments for Capital Purposes

This includes the following adjustments:

- Addition of depreciation, amortisation, impairments and revaluation gains and losses in the service lines as these are not chargeable under generally accepted accounting practices.
- Adjustment for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- A contribution from the Capital Receipts Reserve is made to compensate the General Fund for payments to the government capital receipts pool.
- Deduction of statutory charges for capital financing, including the Minimum Revenue Provision, as these are not chargeable under generally accepted accounting practices. Deduction of statutory charges relating to repayments of PFI and lease liabilities as these are not chargeable under generally accepted accounting practices.
- The movements in the fair value of investment properties are reversed out in the Comprehensive Income and Expenditure Statement as they are not proper charges to the General Fund.
- Capital grants are adjusted for income not chargeable under generally accepted accounting practices. The Comprehensive Income and Expenditure Statement is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.
- Adjustment in respect of revenue expenditure funded from capital under statute. The underlying revenue nature of the expenditure means that it will be debited to the Comprehensive Income and Expenditure Statement as it is incurred, but if the council applies the statutory provision to treat the expenditure as capital, it is reversed out of the Comprehensive Income and Expenditure Statement.

Pensions Adjustments

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

- For services, this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- The net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Adjustments between accounting policies for internal management and financial reporting

Adjustments to reclassify items which the Code dictates must sit outside Cost of Services in the Comprehensive Income and Expenditure Statement, but which are reported and managed internally under Corporate Services and the HRA. Notes 3, 4 and 5 provide a breakdown of the items that sit outside Cost of Services

Note 1 Expenditure and Funding Analysis continued

Other Adjustments

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

- A transfer equivalent to HRA depreciation, and additional contributions required to sustain the HRA business plan, from the HRA to the major repairs reserve as these are not chargeable to the HRA under generally accepted accounting practices.
- The charge representing the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 2 Expenditure and Income Analysed By Nature

The table below categorises the authority's expenditure and income by nature.

2022/23 £000	Expenditure and Income Analysed by Nature	2023/24 £000
	Expenditure	
461,760	Employee expenses	428,509
605,520	Other service expenses	642,779
61,571	Depreciation	63,524
73,998	Revaluation (gains) / losses and impairments	57,091
46,280	Interest expenses	30,604
7,955	Precepts and levies	6,576
9,045	Disposal of non-current assets	20,582
1,266,129	**Total Expenditure**	**1,249,665**
	Income	
(384,932)	Fees, charges and other service income	(399,289)
(1,663)	Interest and investment income	(4,245)
(33,408)	Proceeds from the sale of assets	(41,213)
(186,137)	Income from council tax and National Non-Domestic Rates (NNDR)	(195,944)
(554,869)	Grants and contributions	(608,557)
(1,161,009)	**Total Income**	**(1,249,248)**
105,120	**(Surplus) or Deficit on the Provision of Services**	**417**

Note 3 Other Operating Expenditure

The table below shows a breakdown of 'Other Operating Expenditure' included in the Comprehensive Income and Expenditure Statement.

2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Expenditure £000	Other Operating Expenditure	2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Expenditure £000
7,955	-	7,955	Levies	6,577	-	6,577
9,045	(33,408)	(24,363)	(Gains) / losses on the disposal of non-current assets	20,986	(41,213)	(20,227)
17,000	**(33,408)**	**(16,408)**	**Total**	**27,563**	**(41,213)**	**(13,650)**

Note 4 Financing and Investment Income and Expenditure

The table below shows a breakdown of 'Financing and Investment Income and Expenditure' included in the Comprehensive Income and Expenditure Statement.

2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Expenditure £000	Financing and Investment Income and Expenditure	2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Expenditure £000
23,421	-	23,421	Interest payable and similar charges	26,185	-	26,185
25,603	-	25,603	Net interest on the net defined benefit liability	8,702	-	8,702
-	(1,663)	(1,663)	Interest receivable and similar income	-	(4,245)	(4,245)
400	(5,318)	(4,918)	Income and expenditure in relation to investment properties and changes in their fair value	3,375	(2,897)	478
49,424	**(6,981)**	**42,443**	**Total**	**38,262**	**(7,142)**	**31,120**

Note 5 Taxation and Non-Specific Grant Income

The table below shows a breakdown of 'Taxation and Non-Specific Grant Income' included in the Comprehensive Income and Expenditure Statement.

2022/23 £000	Taxation and Non-Specific Grant Income	2023/24 £000
	Council Tax and National Non-Domestic Rates Income	
(106,152)	Council Tax income	(112,687)
(79,985)	National Non-Domestic Rates income	(83,257)
(186,137)	**Sub-total Council Tax and National Non-Domestic Rates Income**	**(195,944)**
	Non-Specific Revenue Grant Income	
(25,347)	Revenue Support Grant	(28,523)
(22,702)	Business Rates Retention Scheme Section 31 Grant	(25,588)
(2,798)	Business Rates Retention Scheme Top-Up Grant	(9,705)
(6,867)	Services Grant	(3,448)
(861)	New Homes Bonus	(82)
(14,558)	Social Care Grant	-
(3,137)	Other non-specific revenue grants	(2,722)
(76,270)	**Sub-total Non-Specific Revenue Grants Income**	**(70,068)**
	Capital Grants and Contributions	
-	Local Authority Housing Grant - DLUHC	(14,381)
(7,146)	Developer Contributions (Section 106 and CIL)	(11,914)
-	Single Homelessness Accommodation Programme - GLA	(6,098)
(5,638)	High needs funding - ESFA	(3,015)
(2,003)	School condition allocations - DfE	(1,973)
(373)	Social Housing Decarbonisation Fund - DESNZ	(1,401)
(13,464)	Right to Buy Ringfence Agreement (Local Authority) - GLA	(610)
(9,775)	Rough Sleeping Accommodation Programme - GLA	-
(4,881)	Other capital grants and contributions	(5,411)
(43,280)	**Sub-total Capital Grants and Contributions**	**(44,803)**
(305,687)	**Total Taxation and Non-Specific Grant Income**	**(310,815)**

Footnote 1: Social Care Grant is ringfenced in 2023/24.

Accronyms DLUHC: Department for Leveling Up, Housing and Communities
DfE: Department for Education
DESNZ: Department for Energy Security and Net Zero
ESFA: Education and Skills Funding Agency
GLA: Greater London Authority

Note 6 Grants and Contributions Credited to Services

The following grants and contributions are included within the Net Cost of Services in the Comprehensive Income and Expenditure Statement:

2022/23 £000	Grants and Contributions Credited to Services	2023/24 £000
(158,477)	Dedicated Schools Grant (DSG)	(164,368)
(148,312)	Housing Benefit Subsidy	(149,399)
(28,135)	Public Health Grant	(29,052)
-	Social Care Grant	(23,690)
(21,530)	Private Finance Initiative	(16,285)
(14,748)	Improved Better Care Fund	(14,501)
-	Better Care Fund	(13,252)
(10,321)	Pupil Premium Grant	(10,456)
(3,743)	Homelessness Prevention Grant	(4,807)
(4,220)	Household Support Fund	(4,444)
(4,790)	Section 106 contributions	(4,216)
(2,957)	Asylum Seeker Grant	(3,444)
(868)	Adult Social Care Market Sustainability Grants	(3,011)
(2,349)	Post 16 Grant	(2,895)
(1,072)	Adult Social Care Discharge Fund	(2,033)
(1,455)	Homes for Ukraine	(1,872)
(1,917)	Recovery Premium	(1,572)
(1,264)	Adult Education Budget (AEB) Grant	(1,480)
-	Universal Free School Meals - GLA	(1,443)
(473)	Teachers Pay Additional Grant	(1,353)
(1,179)	Universal Infant Free School Meals - ESFA	(1,260)
(1,030)	Supporting Families Grant	(1,091)
(1,059)	Holiday Activities and Food Grant	(1,036)
(24,376)	Other grants and contributions	(36,727)
(434,275)	**Total Credited to Services**	**(493,687)**

Footnote 1: Social Care Grant is ringfenced in 2023/24.

Footnote 2: A reclassification in respect of Better Care Fund from non-grant to grant income

Note 7 Dedicated Schools Grant

The council's expenditure on schools is funded primarily by the Dedicated Schools Grant (DSG) provided by the Department for Education (DfE). An element of DSG is recouped by the DfE to fund academy schools in the council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes two elements:

(i) the Central Expenditure element, used to fund a range of educational services provided on an authority-wide basis; and

(ii) the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Over and under-spending on the two elements must be accounted for separately. This is summarised below for 2023/24.

Schools Budget funded by Dedicated Schools Grant	Central Expenditure £000	Individual Schools Budget £000	2023/24 Total £000	2022/23 Total £000
Final DSG for 2023/24 before academy and high needs recoupment	-	-	**(209,407)**	(200,930)
Academy and high needs recoupment for 2023/24	-	-	**42,550**	39,929
Total DSG after academy and high needs recoupment for 2023/24	**-**	**-**	**(166,857)**	**(161,000)**
Brought forward from 2022/23	-	-	**(5,083)**	(5,218)
Agreed initial budgeted distribution for 2023/24	(42,016)	(129,924)	**(171,940)**	(166,218)
In-year adjustments	-	464	**464**	**113**
Final budgeted distribution for 2023/24	**(42,016)**	**(129,460)**	**(171,476)**	**(166,105)**
less: Actual Central Expenditure	36,248	-	**36,248**	33,557
less: Actual ISB deployed to schools	-	129,460	**129,460**	127,465
Carry forward to 2024/25	**(5,768)**	**-**	**(5,768)**	**(5,083)**

Note 8 Officers' Remuneration

Senior officers' remuneration

The following tables show senior officers' remuneration in 2023/24 and 2022/23. The council does not operate a bonus scheme for senior officers, nor does it offer expense allowances.

Senior officers in 2023/24	Footnote	Salary (including fees & allowances) £	Compensation for loss of employment £	Total remuneration excluding pension contributions £	Employer's pension contributions £	Total remuneration including pension contributions £
Chief Executive - Linzi Roberts-Egan	1	71,905	-	71,905	11,791	83,696
Corporate Director of Community Wealth Building and Acting Head of Paid Service - Stephen Biggs	2	173,901	-	173,901	31,824	205,725
Chief Executive - Victoria Lawson	3	42,769	-	42,769	7,827	50,596
Corporate Director of Resources - David Hodgkinson		161,709	-	161,709	29,593	191,302
Corporate Director of Children and Young People - Jon Abbey		150,624	-	150,624	27,564	178,188
Corporate Director of Homes & Neighbourhoods		136,118	-	136,118	24,910	161,028
Director of Planning and Development	4	131,302	-	131,302	24,028	155,330
Director of Inclusive Economy & Jobs	5	131,273	-	131,273	24,023	155,296
Director of Adult Social Care		130,589	-	130,589	23,898	154,487
Director of Public Health		118,219	-	118,219	17,000	135,219
Corporate Director of Environment and Climate Change	6	30,607	51,382	81,989	3,705	85,694
Corporate Director of Community Engagement and Wellbeing	7	54,633	-	54,633	9,998	64,631
Corporate Director of Community Engagement and Wellbeing	8	7,752	33,682	41,434	-	41,434
Total		**1,341,401**	**85, 064**	**1,426,465**	**236,161**	**1,662,626**

Footnote 1: Linzi Roberts-Egan was Chief Executive until 30 July 2023.

Footnote 2: Stephen Biggs, the current Corporate Director of Community Wealth Building, was acting Head of Paid Service from 31 July 2023 to 7 January 2024.

Footnote 3: Victoria Lawson started as Chief Executive on 8 January 2024.

Note 8 Officers' Remuneration continued

Footnotes to the **Senior officers' remuneration** table on the previous page, continued:

Footnote 4: The Director of Planning and Development reports to Stephen Biggs, the Corporate Director of Community Wealth Building. They are included in the table above because they continued to report directly to Stephen Biggs when he was Acting Head of Paid Service between 31 July 2023 and 7 January 2024. The amounts above relate to the entire financial year.

Footnote 5: The Director of Inclusive Economy & Jobs reports to Stephen Biggs, the Corporate Director of Community Wealth Building. They are included in the table above because they continued to report directly to Stephen Biggs when he was Acting Head of Paid Service between 31 July 2023 and 7 January 2024. The amounts above relate to the entire financial year.

Footnote 6: Corporate Director of Environment and Climate Change left on 19 May 2023.

Footnote 7: The current Corporate Director of Community Engagement and Wellbeing started on 1 November 2023. The post was filled by an agency employee from 27 March 2023 until 22 September 2023, who is not included in the table above.

Footnote 8: The former Corporate Director of Community Engagement and Wellbeing left on 31 March 2023. They received a total remuneration of £41,434 in 2023/24. This was not accrued or disclosed in the 2022/23 accounts.

There were no election expenses paid to senior officers in 2023/24.

Note 8 Officers' Remuneration continued

Senior officers in 2022/23	Footnote	Salary (including fees & allowances) £	Election expenses £	Total remuneration excluding pension contributions £	Employer's pension contributions £	Total remuneration including pension contributions £
Chief Executive - Linzi Roberts-Egan		194,864	9,155	204,019	28,450	232,469
Corporate Director of Resources - David Hodgkinson		155,960	622	156,582	22,770	179,352
Corporate Director of Environment and Climate Change		145,529	289	145,818	21,247	167,065
Corporate Director of Children and Young People		141,487	-	141,487	20,657	162,144
Corporate Director of Community Wealth Building		140,087	289	140,376	20,453	160,829
Corporate Director of Community Engagement and Wellbeing	3	134,729	289	135,018	19,670	154,688
Director of Public Health	2	117,624	-	117,624	16,914	134,538
Director of Adult Social Care		115,943	-	115,943	16,928	132,871
Corporate Director of Homes & Neighbourhoods	1	75,811	289	76,100	11,486	87,586
Corporate Director of Homes & Neighbourhoods	1	55,440	-	55,440	8,094	63,534
Total		**1,277,474**	**10,933**	**1,288,407**	**186,669**	**1,475,076**

Footnote 1: The previous Corporate Director of Homes and Neighbourhoods left on 30 October 2022. The next post holder was seconded to this post from the 17 October 2022.

Footnote 2: The post of Director of Public Health was shared with Camden Council and 52% of the remuneration shown in this note is recharged to them.

Footnote 3: This post was renamed from Corporate Director of Fairer Together in February 2023. The Corporate Director of Community Engagement and Wellbeing left on 31 March 2023.

Note 8 Officers' Remuneration continued

Remuneration bands above £50k

Employees receiving more than £50k remuneration for the year (excluding employers' pension contributions but including redundancy payments) are shown in the table on this page. This table excludes senior officers, who are shown on the previous pages.

Remuneration disclosures are stipulated by legislation only to include staff where the authority is the employer. In the case of voluntary aided and foundation schools, Islington Council is not the employer, so these staff are excluded from the table on this page.

Remuneration Band	2022/23 Schools Number of employees	2023/24 Schools Number of employees	2022/23 Other Number of employees	2023/24 Other Number of employees
£50,000 - £54,999	94	76	367	449
£55,000 - £59,999	69	94	193	243
£60,000 - £64,999	35	56	141	172
£65,000 - £69,999	19	44	89	99
£70,000 - £74,999	15	16	43	70
£75,000 - £79,999	9	15	32	38
£80,000 - £84,999	12	7	13	31
£85,000 - £89,999	5	14	9	9
£90,000 - £94,999	2	6	10	16
£95,000 - £99,999	4	3	11	20
£100,000 - £104,999	4	5	3	7
£105,000 - £109,999	2	4	1	6
£110,000 - £114,999	-	2	6	2
£115,000 - £119,999	1	1	4	1
£120,000 - £124,999	-	-	6	3
£125,000 - £129,999	1	-	1	8
£130,000 - £134,999	-	2	-	1
£135,000 - £139,999	-	1	-	-
£140,000 - £144,999	-	-	1	-
£145,000 - £149,999	-	-	-	-
over £150,000	-	-	-	1
Total	**272**	**346**	**930**	**1,176**

Note 8 Officers' Remuneration continued

Termination Benefits

The table below shows the number and cost of exit packages agreed by the council. Exit packages are grouped according to cost band. The table shows the number of compulsory redundancies and other departures within each cost band. It also shows the total cost of all exit packages, analysed by cost band.

The council conducted a voluntary redundancy scheme in both 2022/23 and 2023/24. The 2023/24 scheme resulted in fewer redundancies.

Exit Package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23 £000	2023/24 £000
£0 - £20,000	15	5	94	49	109	54	807	488
£20,001 - £40,000	5	5	38	29	43	34	1,191	932
£40,001 - £60,000	2	2	10	7	12	9	604	471
£60,001 - £80,000	-	-	4	1	4	1	260	67
£80,001 - £100,000	-	-	2	3	2	3	171	264
£100,001 - £150,000	-	-	7	2	7	2	881	245
£150,001 - £200,000	-	-	2	1	2	1	388	153
£201,000 - £500,000	-	-	6	3	6	3	1,736	806
Total	**22**	**12**	**163**	**95**	**185**	**107**	**6,038**	**3,426**
Other costs associated with termination benefits							109	369
Total termination benefits							**6,147**	**3,795**

Exit packages comprise both payments made to employees and amounts paid to the Pension Fund as a result of terminating the employee's contract. The majority of payments to the Pension Fund relate to capital costs of early retirements (pension strain).

The table includes exit packages relating to school employees.

The table includes redundancy payments, as well as other termination benefits such as settlement agreements and payments in lieu of notice.

Exit packages relating to ill-health retirements are excluded from the table as they are post-employment benefits arising from membership of the scheme and not termination benefits.

The £369k other costs associated with termination benefits in 2023/24 relate to additional costs incurred in respect of exit packages reported in the previous financial year.

Note 9 Members' Allowances

The council paid the following amounts to Members of the council during the year:

2022/23 £000	Members' Allowances	2023/24 £000
647	Basic Allowance	675
489	Special Responsibility Allowance	505
4	Other Allowances	4
1,140	**Total**	**1,184**

Note 10 External Audit Costs

In 2023/24, the council incurred the following fees relating to external audit:

2022/23 £000	Fees Payable to the Appointed Auditor	Footnote	2023/24 £000
229	Fees payable to the appointed auditor with regard to external audit services carried out by the appointed auditor for the year	1	550
50	Fees payable to the appointed auditor for the certification of grant claims and returns for the year	2	39
-	Fees payable in respect of non-audit services provided by the appointed auditor during the year		-

Footnote 1: The 2023/24 figure includes £56k additional audit costs from Grant Thornton for 2022/23.

Footnote 2: The 2023/24 figure includes £2.5k additional certification costs from Grant Thornton for 2022/23.

Note 11 Pooled Budgets

The council is involved in a partnership with the North Central London Integrated Care Board (NCL ICB) and other health providers, which derives from Section 75 of the National Health Service Act 2006.

Section 75 of the National Health Service Act 2006 (formerly Section 31 of the Health Act 1999) and the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000 enable the establishment of joint working arrangements between NHS bodies and local authorities.

Pooled funds enable health bodies and local authorities to work collaboratively to address specific local health issues. A key feature of the pool is that the use of resources contributed to the pool should be dictated by the needs of clients who meet the criteria established for the pool, rather than the respective contributions of the partners. Thus, it is to be expected that health service resources could be used to deliver local authority services and vice versa.

This is intended to ensure client focused care packages are developed and delivered to individuals, which meet their needs in a more seamless and efficient manner.

Pooled funds are not legal entities. The partners in the pool will nominate one partner to be the 'host' to the pool. That 'host' has responsibility for the administration of the pool. The host partner is required to produce a memorandum account of the financial activity of the pool, which used to be subject to external audit certification until the requirement was discontinued. During 2023/24, seven pooled funds were in operation and their purpose is explained on the next page.

Camden & Islington NHS Foundation Trust is the host party for the Mental Health Care Trust Pooled Fund. The Better Care Fund is hosted by NCL ICB. Islington Council is the host party for the other five pooled budget arrangements. The NCL ICB replaced the Islington Clinical Commissioning Group (Islington CCG) in July 2022.

Note 11 Pooled Budgets continued

Learning Disability Services Pooled Fund

To improve the services received by vulnerable people in the community by integrating the service delivery and commissioning arrangements between health and social care.

Mental Health Commissioning Adult Mental Health Care Pooled Fund

To improve the services received by people with mental health care needs in the community by integrating the service delivery and commissioning arrangements between health and social care.

Mental Health Care of Older People (MHCOP) Pooled Fund

To improve the services received by older people with mental health care needs who require residential services by integrating the service delivery and commissioning arrangements between health and social care.

Integrated Community Equipment Services Pooled Fund

To integrate community equipment stock with no distinction between NHS and Social Services equipment; provide access to the stock by many more Assessors, appropriately trained, leading to one stop provision; and establish a purchasing regime that makes full use of technology, purchasing power and efficiency.

Carers Pooled Fund

To improve the and increase support given to people who act as independent carers by integrating the service delivery between health and social care. This is intended to improve the access to information and advice for carers, develop and train carers in their caring role to better meet their individual needs, as well as the people for whom they care for services.

Mental Health Care Trust Pooled Fund

To integrate the provision of health and social services for people with mental health needs in Islington. The fund will cover the provision of services for the following Client Groups: Adult MH Services Client group, Mental Healthcare of Older People Client group and Substance Misuse Services Client group.

Better Care Fund

To drive the transformation of local services to ensure that people receive better and more integrated care and support. The aims and outcomes are the development of a locality offer; enhancing primary care capacity; to meet demographic pressures in social care; and to incentivise providers to support integrated care.

Note 11 Pooled Budgets continued

Gross income and expenditure for each pooled budget is analysed in the tables below. Islington Council's share of the income and expenditure is included in its Comprehensive Income and Expenditure Statement.

Pooled Budgets 2023/24	Gross Expenditure £000	Islington Council Contribution £000	Islington CCG Contribution £000	Camden & Islington NHS Foundation Trust Contribution £000	Whittington Hospital NHS Trust Contribution £000	Total Contributions £000
Learning Disabilities Pooled Fund	**48,904**	(40,449)	(8,455)	-	-	**(48,904)**
Integrated Community Equipment Services Pooled Fund	**2,559**	(1,023)	(768)	-	(768)	**(2,559)**
Mental Health Commissioning Adult Mental Health Care	**7,987**	(4,413)	(3,574)	-	-	**(7,987)**
Carers Pooled Fund	**903**	(808)	(95)	-	-	**(903)**
MHCOP Pooled Fund	**8,547**	(4,754)	(3,793)	-	-	**(8,547)**
Mental Health Care Trust Pooled Fund	**15,081**	(2,467)	-	(12,614)	-	**(15,081)**
Better Care Fund	**42,560**	(18,474)	(24,086)	-	-	**(42,560)**
Totals	**126,541**	**(72,388)**	**(40,771)**	**(12,614)**	**(768)**	**(126,541)**

Pooled Budgets 2022/23	Gross Expenditure £000	Islington Council Contribution £000	Islington CCG Contribution £000	Camden & Islington NHS Foundation Trust Contribution £000	Whittington Hospital NHS Trust Contribution £000	Total Contributions £000
Learning Disabilities Pooled Fund	**45,637**	(38,128)	(7,509)	-	-	**(45,637)**
Integrated Community Equipment Services Pooled Fund	**1,926**	(883)	(580)	-	(463)	**(1,926)**
Mental Health Commissioning Adult Mental Health Care	**6,922**	(4,382)	(2,540)	-	-	**(6,922)**
Carers Pooled Fund	**1,057**	(962)	(95)	-	-	**(1,057)**
MHCOP Pooled Fund	**7,991**	(4,198)	(3,793)	-	-	**(7,991)**
Mental Health Care Trust Pooled Fund	**14,290**	(2,611)	-	(11,679)	-	**(14,290)**
Better Care Fund	**39,249**	(18,099)	(21,150)			**(39,249)**
Totals	**117,072**	**(69,263)**	**(35,667)**	**(11,679)**	**(463)**	**(117,072)**

Notes to the Movement in Reserves Statement

Note 12 Adjustments between Accounting Basis and Funding Basis Under Regulations

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

The tables below show the adjustments made in the 2023/24 accounts.

Adjustment	General Fund £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
	Usable Reserves					
Adjustments primarily involving the Capital Adjustment Account						
Charges for depreciation and impairment of non-current assets	(27,524)	(36,000)	-	-	-	**63,524**
Revaluation gains / losses on Property Plant and Equipment	(8,603)	(48,488)	-	-	-	**57,091**
Impairment of Property Plant and Equipment	-	-	-	-	-	**-**
Movement in the fair value of Investment Properties	(2,481)	(149)	-	-	-	**2,630**
Capital grants and contributions applied	11,733	26,829	-	-	-	**(38,562)**
Revenue expenditure funded from capital under statute	(5,951)	(1,066)	-	-	-	**7,017**
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	(31)	(20,555)	-	-	-	**20,586**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Statutory provision for financing of capital investment	4,289	-	-	-	-	**(4,289)**
Repayment of lease / PFI liabilities	2,673	463	-	-	-	**(3,136)**
Capital expenditure charged against the General Fund and HRA	5,032	56	-	-	-	**(5,088)**
Adjustments primarily involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	6,536	-	-	-	(6,536)	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	1,531	**(1,531)**
Adjustments primarily involving the Capital Receipts Reserve						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	20,430	20,782	(41,212)	-	-	**-**
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	26,050	-	-	**(26,050)**
Use of capital receipts to fund disposal costs	(399)	(143)	542	-	-	**-**
Contribution from the Capital Receipts Reserve to finance the payments to the government Housing Capital Receipts Pool	-	-	-	-	-	**-**

Note 12 Adjustments between Accounting Basis and Funding Basis Under Regulations continued

Adjustment	Usable Reserves General Fund £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustment primarily involving the Major Repairs Reserve						
Transfer of Depreciation to the Major Repairs Reserve	-	36,000	-	(36,000)	-	**-**
Additional Contributions from the HRA	-	-	-	-	-	**-**
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	20,225	-	**(20,225)**
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(44,949)	(6,757)	-	-	-	**51,706**
Employer's pensions contributions and direct payments to pensioners payable in the year	44,698	7,494	-	-	-	**(52,192)**
Adjustments primarily involving the Collection Fund Adjustment Account						
Amount by which Council Tax and Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and National Non-Domestic Rates income calculated for the year in accordance with statutory requirements	(1,627)	-	-	-	-	**1,627**
Adjustment primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(516)	131	-	-	-	**385**
Total Adjustments	**3,310**	**(21,403)**	**(14,620)**	**(15,775)**	**(5,005)**	**53,493**

Note 12 Adjustments between Accounting Basis and Funding Basis Under Regulations continued

The tables below shows the adjustments made in the 2022/23 accounts.

Adjustment in 2022/23	General Fund £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
	Usable Reserves					
Adjustments primarily involving the Capital Adjustment Account						
Charges for depreciation and impairment of non-current assets	(26,362)	(35,209)	-	-	-	**61,571**
Revaluation gains / losses on Property Plant and Equipment	4,084	(78,082)	-	-	-	**73,998**
Impairment of Property Plant and Equipment	-	-	-	-	-	**-**
Movement in the fair value of Investment Properties	1,496	2,052	-	-	-	**(3,548)**
Capital grants and contributions applied	6,489	29,449	-	-	-	**(35,938)**
Revenue expenditure funded from capital under statute	(6,754)	(5,218)	-	-	-	**11,972**
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	-	(8,864)	-	-	-	**8,864**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Statutory provision for financing of capital investment	3,767	-	-	-	-	**(3,767)**
Repayment of lease / PFI liabilities	2,668	804				**(3,472)**
Capital expenditure charged against the General Fund and HRA	-	19,776	-	-	-	**(19,776)**
Adjustments primarily involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	7,560	-	-	-	(7,560)	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	1,352	**(1,352)**
Adjustments primarily involving the Capital Receipts Reserve						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	9,035	24,374	(33,409)	-	-	**-**
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	25,061	-	-	**(25,061)**
Use of capital receipts to fund disposal costs	(181)	(205)	386	-	-	**-**

Note 12 Adjustments between Accounting Basis and Funding Basis Under Regulations continued

Adjustment in 2022/23	Usable Reserves General Fund £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustment primarily involving the Major Repairs Reserve						
Transfer of Depreciation to the Major Repairs Reserve	-	35,208	-	(35,208)	-	**-**
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	38,488	-	**(38,488)**
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(101,331)	(14,660)	-	-	-	**115,991**
Employer's pensions contributions and direct payments to pensioners payable in the year	37,095	25,588	-	-	-	**(62,683)**
Adjustments primarily involving the Collection Fund Adjustment Account						
Amount by which Council Tax and National Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and Non-Domestic Rates income calculated for the year in accordance with statutory requirements	28,920	-	-	-	-	**(28,920)**
Adjustment primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(429)	(191)	-	-	-	**620**
Total Adjustments	**(33,943)**	**(5,178)**	**(7,962)**	**3,280**	**(6,208)**	**50,011**

Note 13 Unusable Reserves

31 March 2023 £000	Unusable Reserve	31 March 2024 £000
(1,763,162)	Revaluation Reserve	(1,597,119)
(2,489,355)	Capital Adjustment Account	(2,469,646)
219,084	Pensions Reserve	103,678
(12,391)	Collection Fund Adjustment Account	(10,763)
7,402	Accumulated Absences Account	7,789
(81)	Financial Instruments Adjustments Account	(110)
(4,038,503)	**Total Unusable Reserves**	**(3,966,171)**

Revaluation Reserve

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

2022/23 £000	Revaluation Reserve	2023/24 £000
(1,854,626)	**Balance as at 1 April**	**(1,763,162)**
(66,088)	Gains on revaluations	(44,632)
16,756	Less: depreciation on revalued amounts	17,012
138,012	Less: revaluation losses and impairments written off to previous gains	178,418
2,784	Less: gains written out for disposed assets	15,243
(1,763,162)	**Balance as at 31 March**	**(1,597,119)**

Note 13 Unusable Reserves continued

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements or accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Capital Adjustment 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 Revaluations Reserve to convert fair value figures to a historical cost basis). The Capital Adjustment Account is credited with the amounts set aside by the council as finance for the costs of acquisition, construction and subsequent costs.

2022/23 £000	Capital Adjustments Account	2023/24 £000
(2,494,819)	**Balance as at 1 April**	**(2,489,355)**
(25,058)	Capital expenditure financed from Usable Capital Receipts	(26,050)
(38,490)	Capital expenditure financed from the Major Repairs Reserve	(20,225)
(19,776)	Capital expenditure financed from revenue resources	(5,088)
(37,289)	Capital expenditure financed from grants	(40,095)
11,972	REFCUS financing	7,017
73,998	Gains / losses on revaluation of non-current assets	57,091
-	Impairments of non-current assets	-
61,571	Depreciation of PPE non-current assets	63,524
(3,767)	Minimum Revenue Provision	(4,289)
(3,473)	Repayment of obligations arising from PFI contracts / lease liabilities	(3,136)
(2,784)	Write out of gains relating to revalued disposed assets	(15,243)
8,864	Current Value of disposed assets	20,586
(16,756)	Write out of depreciation on revalued amounts (Historical Cost Adjustment)	(17,013)
(3,548)	Gains / (losses) from adjustment to fair value of Investment Properties	2,630
5,464	**Total Increase / (Decrease) in Amounts Set Aside to Finance Capital**	**19,709**
(2,489,355)	**Balance as at 31 March**	**(2,469,646)**

The Capital Adjustment Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the council.

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

Note 12 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Note 13 Unusable Reserves continued

Pensions Reserve

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

2022/23 £000	Pensions Reserve	2023/24 £000
925,752	**Balance as at 1 April**	**219,084**
(759,976)	Actuarial gains or losses on pensions assets and liabilities	(114,919)
115,991	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	51,706
(62,683)	Employer's pensions contributions and direct payments to pensioners payable in the year	(52,193)
219,084	**Balance as at 31 March**	**103,678**

However, statutory arrangements require benefits earned to be financed as the council 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 substantial shortfall in the benefits earned by past and current employees and the resources the council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and NNDR income in the CIES as it falls due from council tax payers and business rates payers and the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2022/23 Council Tax £000	2022/23 Non-Domestic Rates £000	2022/23 Total £000	Collection Fund Adjustment Account	2023/24 Council Tax £000	2023/24 Non-Domestic Rates £000	2023/24 Total £000
(2,590)	19,119	**16,529**	**Balance as at 1 April**	(2,228)	(10,163)	**(12,391)**
1,088	(23,849)	**(22,761)**	Contribution to General Fund from previous year's surplus / (deficit)	3,333	6,381	**9,714**
(726)	(5,433)	**(6,159)**	Current year's collection fund (surplus) / deficit	353	(8,440)	**(8,087)**
(2,228)	**(10,163)**	**(12,391)**	**Balance as at 31 March**	**5,914**	**8,104**	**(10,764)**

Accumulated Absences Account

The Accumulated Absences 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, e.g. annual leave entitlement carried forward as at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2022/23 £000	Accumulated Absences Adjustment Account	2023/24 £000
6,783	**Balance as at 1 April**	**7,402**
(6,783)	Settlement or cancellation of accrual made at the end of the preceding year	(7,402)
7,402	Amounts accrued at the end of the current year	7,789
619	Amount by which officer remuneration charged to the Comprehensive income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	387
7,402	**Balance as at 31 March**	**7,789**

Note 14 Transfers to / from Earmarked Reserves

This table set out the amounts set aside in General Fund and HRA earmarked reserves for future expenditure commitments, plans and risks.

General Fund Earmarked Reserve	Balance as at 31 March 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance as at 31 March 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance as at 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
BSF PFI Smoothing	(5,769)	3,788	(2,767)	**(4,748)**	3,470	(2,200)	**(3,478)**
Budget Risk	(25,675)	23,241	(15,608)	**(18,041)**	209	(3,827)	**(21,659)**
Business Continuity	(10,000)	-	-	**(10,000)**	-	-	**(10,000)**
Capital Financing	(3,120)	1,314	-	**(1,806)**	1,999	(193)	**-**
Care Experience	(16,000)	1,473	(4,000)	**(18,527)**	18,527	-	**-**
Community Infrastructure Levy	(196)	167	-	**(29)**	29	-	**-**
Core Funding	(33,580)	23,800	-	**(9,781)**	3,258	(9,714)	**(16,237)**
Corporate Projects and Systems (formerly Budget Strategy)	(19,586)	5,530	(4,549)	**(18,605)**	24,230	(23,875)	**(18,250)**
Dedicated Schools Grant	(5,218)	135	-	**(5,083)**	893	(1,579)	**(5,769)**
Energy and Inflation	(5,509)	5,509	-	**-**	-	-	**-**
Islington Assembly Hall Restoration Levy	(18)	-	(29)	**(47)**	-	(41)	**(88)**
Insurance Fund Risk	-	-	-	**-**	-	(3,350)	**(3,350)**
Joint Cemetery Trading Account	(1,731)	17	-	**(1,715)**	-	(170)	**(1,885)**
Levies	(2,726)	234	(824)	**(3,315)**	3,315	-	**-**
Net Zero Carbon	(2,481)	2,481	-	**-**	-	-	**-**
Restricted Grants & Contributions	-	-	(11,458)	**(11,458)**	-	(6,098)	**(17,556)**
Pooled Schools Budgets	(828)	83	(422)	**(1,167)**	141	(445)	**(1,471)**
Public Health	(1,712)	191	-	**(1,521)**	-	(70)	**(1,591)**
Social Care	(8,999)	8,999	-	**-**	-	-	**-**
Street Market Reserve	(138)	30	(93)	**(201)**	114	-	**(87)**
Total General Fund Earmarked Reserves	**(143,288)**	**76,993**	**(39,748)**	**(106,044)**	**56,185**	**(51,562)**	**(101,421)**

HRA Earmarked Reserve	Balance as at 31 March 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance as at 31 March 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance as at 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
HRA Tenants' Heating & Hot Water	(1,874)	1,868	-	**(7)**	-	-	**(7)**
HRA Risk Equalisation	(56,363)	24,865	-	**(31,498)**	479	(13,144)	**(44,163)**
Total HRA Earmarked Reserves	**(58,237)**	**26,733**	**-**	**(31,504)**	**479**	**(13,144)**	**(44,170)**

Note 14 Transfers to / from Earmarked Reserves continued

Description of the reserves

Building Schools for the Future (BSF) PFI Smoothing – The annual costs of PFI schemes fluctuate over the lifecycle of the schemes. This reserve helps to smooth the budgetary impact of PFI costs across financial years.

Budget Risk – This reserve is set aside to mitigate budget risks over the medium term, including the risk delayed/undelivered savings.

Business Continuity – This reserve mitigates the risk of disruption to key council services and systems, including cyber security risks.

Capital Financing – This reserve was earmarked for revenue costs associated with the capital programme. It was fully drawn down in 2023/24.

Care Experience – This reserve provided for the potential direct and indirect costs of the non-recent child abuse support payment scheme. It was amalgamated with the Corporate Projects and Systems reserve at the end of 2023/24. Any final scheme payments and project costs in 2024/25 will be funded from the Corporate Projects and Systems reserve.

Community Infrastructure Levy (CIL) – This reserve previously held the balance of CIL funding earmarked for CIL administration costs in future financial years. The small remaining balance was amalgamated with the Budget Risk reserve at the end of 2023/24.

Core Funding – The purpose of this reserve is to set aside funding for: the risk of a significant increase in the NNDR appeals provision, particularly as a result of the next business rates revaluation in 2026; the risk of a significant increase in council funded reliefs across NNDR and council tax, such as council tax support, empty property relief and charitable relief; the risk of a significant economic downturn and the impact on NNDR and council tax collection; the potential adverse impact to the council's retained business rates income of a reset to the business rates retention system and wider changes to the distribution of local government core funding; and timing differences between Collection Fund deficits and associated government funding being received, due to the technical accounting arrangements around the Collection Fund.

Corporate Projects and Systems (formerly Budget Strategy) – This reserve earmarks one-off funding for expenditure related to the delivery of key council transformation projects and systems upgrades. This includes digital transformation and investment in services to support the delivery of planned budget savings.

Dedicated Schools Grant – This reserve is the balance of Dedicated Schools Grant held by the council that will be spent in future financial years.

Energy and Inflation – This reserve was earmarked to smooth the budgetary impact of dramatically increasing energy prices and record high levels of inflation. It was fully drawn down in 2022/23.

Note 14 Transfers to / from Earmarked Reserves continued

HRA Risk Equalisation – This reserve mitigates against HRA financial pressures arising from legislative changes.

HRA Tenants' Heating and Hot Water – This reserve allows the council to manage a stable tenant charging policy by insulating tenants from the volatility of the gas market.

Insurance Fund Risk – This reserve supplements the actuarally assessed provision for insurance claim liabilities by holding the level of risk buffer recommended by the actuary.

Islington Assembly Hall Restoration Levy – This reserve earmarks income from the Islington Assembly Hall Restoration Levy on events ticket sales towards funding restoration works in future financial years.

Joint Cemetery Trading Account – The council operates a shared cemeteries service with the Camden Council, and any surplus at the end of each financial year is carried forward through this reserve.

Levies – This reserve was earmarked to mitigate the significant uncertainty around levies estimates over the medium term, particularly concessionary fares and the North London Waste Authority levy. It was amalgamated with the Budget Risk reserve at the end of 2023/24.

Net Zero Carbon - This reserve was earmarked to support the delivery of the council's Net Zero Carbon programme. It was amalgamated with the Budget Strategy reserve at the end of 2022/23.

Pooled Schools Budgets – This reserve holds the unspent balance of pooled schools budgets that will be spent in future financial years.

Public Health – This reserve is the balance of ring-fenced public health grant funding carried forward to spend in future financial years.

Restricted Grants and Contributions - This reserve holds income received that is restricted in some form for a specific purpose.

Social Care - This reserve was earmarked to mitigate significant uncertainty in social care budget estimates and earmark funding for one-off social care expenditure. It was closed at the end of 2022/23 and the balance amalgamated with the new Restricted Grants and Contributions reserve .

Street Markets Reserve – The council operates three street markets at Chapel Market, Whitecross Street and Exmouth Market. Under laws governing the operation of these markets, any surplus at the end of each financial year is carried forward through this reserve for the future costs of operating the markets.

Notes to the Balance Sheet

Note 15 Property, Plant and Equipment

Movement in Property, Plant and Equipment 2023/24	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation								
As at 31 March 2023	**3,430,319**	**1,234,404**	**51,025**	**14,625**	**6,634**	**82,469**	**4,819,478**	**249,062**
Additions	100,640	17,736	7,833	1,225	171	38,132	**165,737**	2,756
Depreciation written out to Gross Amount on Revaluation	(33,144)	(13,160)	-	-	(281)	-	**(46,585)**	(5,156)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(136,818)	(3,484)	-	-	6,515	-	**(133,787)**	(10,722)
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(48,308)	(8,807)	-	-	23	-	**(57,092)**	(564)
Derecognition - Disposals	(319)	(380)	(338)	-	-	-	**(1,037)**	-
Derecognition - Other	-	-	-	-	-	(840)	**(840)**	
Assets reclassified (to) / from Held for Sale and Investment Properties	(16,044)	-	-	-	(3,596)	-	**(19,640)**	
Other movements in cost or valuation	-	(11,744)	-	-	14,272	(2,528)	**-**	
As at 31 March 2024	**3,296,326**	**1,214,565**	**58,520**	**15,850**	**23,738**	**117,233**	**4,726,235**	**235,376**
Accumulated Depreciation and Impairment								
As at 31 March 2023	**1**	**(369)**	**(23,923)**	**(81)**	**-**	**-**	**(24,372)**	**(538)**
Depreciation charge	(33,139)	(13,347)	(4,506)	-	(95)	-	**(51,087)**	(5,156)
Depreciation written out to Gross Amount on Revaluation	33,144	13,160	-	-	281	-	**46,585**	5,156
Impairment losses / (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	**-**	
Impairment losses / (reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	**-**	
Derecognition - Disposals	3	372	286	-	-	-	**661**	
Derecognition - Other	-	-	-	-	-	-	**-**	
Assets reclassified (to)/from Held for Sale and Investment Properties	1	-	-	-	-	-	**1**	
Other movements in depreciation and impairment	-	186	-	-	(186)	-	**-**	
As at 31 March 2024	**10**	**1**	**(28,143)**	**(81)**	**-**	**-**	**(28,213)**	**(538)**
Net Book Value as at 31 March 2024	**3,296,336**	**1,214,566**	**30,377**	**15,769**	**23,738**	**117,233**	**4,698,022**	**234,838**

Note 15 Property, Plant and Equipment continued

Movement in Property, Plant and Equipment 2022/23	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation								
As at 31 March 2022	**3,546,481**	**1,186,737**	**46,740**	**14,625**	**193**	**96,056**	**4,890,832**	**446,562**
Additions	77,925	7,586	4,501	-	-	40,200	**130,212**	-
Depreciation written out to Gross Amount on Revaluation	(32,454)	(12,092)	-	-	(89)	-	**(44,635)**	(4,773)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(127,315)	54,902	-	-	489	-	**(71,924)**	21,641
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(76,400)	2,402	-	-	-	-	**(73,998)**	334
Derecognition - Disposals	(8,591)	-	(270)	-	-	-	**(8,861)**	(87)
Derecognition - Other	(1,319)	-	-	-	-	(831)	**(2,150)**	-
Assets reclassified (to) / from Held for Sale and Investment Properties	51,992	(5,131)	54	-	6,041	(52,956)	**-**	(214,615)
As at 31 March 2023	**3,430,319**	**1,234,404**	**51,025**	**14,625**	**6,634**	**82,469**	**4,819,478**	**249,062**
Accumulated Depreciation and Impairment								
As at 31 March 2022	**1**	**(366)**	**(19,769)**	**(81)**	**-**	**-**	**(20,215)**	**(538)**
Depreciation charge	(32,537)	(12,184)	(4,424)	-	-	-	**(49,145)**	(4,775)
Depreciation written out to Gross Amount on Revaluation	32,454	12,092	-	-	89	-	**44,635**	4,773
Derecognition - Disposals	83	-	270	-	-	-	**353**	2
Other movements in depreciation and impairment	-	89	-	-	(89)	-	**-**	-
As at 31 March 2023	**1**	**(369)**	**(23,923)**	**(81)**	**-**	**-**	**(24,372)**	**(538)**
Net Book Value as at 31 March 2023	**3,430,320**	**1,234,035**	**27,102**	**14,544**	**6,634**	**82,469**	**4,795,106**	**248,524**

Note 15 Property, Plant and Equipment continued

Infrastructure Assets

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

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

Infrastructure Assets - Movement in balances	2022/23 Infrastructure Assets £000	2022/23 PFI Assets Included in Infrasructure £000	2023/24 Infrastructure Assets £000	2023/24 PFI Assets Included in Infrasructure £000
Net Book Value (Modified Historical Cost) at 1 April	**148,521**	**5,611**	**146,812**	**4,909**
Additions	10,718	-	11,653	-
Derecognition	-	-	-	-
Depreciation	(12,427)	(702)	(12,436)	-
Impairment	-	-	-	-
Other movements in cost	-	-	-	-
Net Book Value at 31 March	**146,812**	**4,909**	**146,029**	**4,209**

Type of Asset	31 March 2023 £000	31 March 2024 £000
Infrastructure Assets	146,812	146,029
Other PPE Assets	4,795,106	4,698,022
Total PPE Assets	**4,941,918**	**4,844,051**

Note 15 Property, Plant and Equipment continued

Depreciation

Depreciation is calculated using the following useful economic lives and depreciation rates:

- Council Dwellings – Useful Economic Lives (typically 45–50 years for buildings)
- Other Land and Buildings: Useful Economic Lives (typically 20–70 years for buildings)
- Vehicles, Plant, Furniture & Equipment – Useful Economic Lives (typically under 10 years)
- Infrastructure – Useful Economic Lives (typically 5-45 years)

Revaluations

The council 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. Wilks, Heads and Eve LLP carried out valuations on behalf of the council in 2023/24 and assets were valued as at 31 March. 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.

Revaluations	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Carried at historical cost	**-**	994	56,579	312,605	15,851	-	-	386,029
Valued at fair value as at:								
31 March 2024	3,296,330	1,214,565	-	-	-	23,738	-	4,534,633
32 March 2023	-	-	-	-	-	-	-	-
33 March 2022	-	-	-	-	-	-	-	-
34 March 2021	-	-	-	-	-	-	-	-
Total Cost or Valuation	**3,296,330**	**1,215,559**	**56,579**	**312,605**	**15,851**	**23,738**	**-**	**4,920,662**

Note 15 Property, Plant and Equipment continued

Capital Commitments

As at 31 March 2024, the council had entered into a number of significant commitments (over £500k), for the construction or enhancement of property, plant and equipment in future years, budgeted to cost £50,644k. Similar commitments as at 31 March 2023 were £67,675k. The commitments are:

Capital Commitments	31 March 2024 £000
General Fund	
Finsbury Leisure and Residential Project	1,548
Housing Revenue Account	
Major Works	
Popham & Essex Road	11,856
Taverner Estate	6,135
Andover Estate	5,835
Harvist Estate	3,271
Andover Internal Works	2,601
Highbury New Park	2,410
Fire Risk Assessment Works	1,992
Social Housing Decarbonisation	1,753
St Lukes Estate	1,680
Hathersage Fire Safety	1,105
Jessop Court	994
Charles Rowan House	531
Nailour Estate	507
New Build	
Park View	4,582
Elthorne Estate Sunken Pitch and Community Centre	3,843
Total	**50,644**

Note 16 Investment Properties

The following items of income and expenditure are accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement where material:

2022/23 £000	Investment Properties Income and Expenditure	2023/24 £000
(1,656)	Rental income from investment properties	(2,836)
286	Direct operating expenses arising from investment properties	684
(1,370)	**Net (gain) / loss**	**(2,152)**

There are no restrictions on the council's ability to realise the value inherent in its investment property or on the council's right to the remittance of income and the proceeds of disposal.

As landlord, the council has contractual obligations to repair and maintain the exterior/structure of the building for certain investment properties as a condition of the lease.

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

2022/23 £000	Movement in Fair Value of Investment Properties	2023/24 £000
39,259	**Balance as at 1 April**	**43,640**
3	Subsequent expenditure	236
3,548	Net gains/(losses) from fair value adjustments	(2,630)
831	Transfers (to)/from Property, Plant and Equipment	-
43,640	**Balance as at 31 March**	**41,246**

Fair value measurements

The table below gives an analysis of the fair value measurement of investment properties and surplus assets, all of which have Level 2 fair values.

Fair value as at 31 March 2023 £000	Category of Asset (all Level 2)	Fair value as at 31 March 2024 £000
43,640	Investment Properties	41,247
6,634	Surplus assets	23,738
1,439	Assets Held for Sale	868
51,713	**Fair value as at 31 March**	**65,854**

Level 2 fair values for Investment Properties are based on the valuation technique of capitalising the existing rent on the lease by the term of years to the next rent review or lease expiry whichever is the earlier. Rental values are derived from comparable evidence, online data and knowledge of the market in Islington.

Note 17 Leases

Council as Lessee

Finance Leases

The council has 17 assets acquired under such leases carried on the Balance Sheet at the following net amounts:

31 March 2023 £000	Leased Assets	31 March 2024 £000
	Property, Plant and Equipment:	
92,079	Other Land and Buildings	89,006
2,257	Community Assets	2,257
579	Surplus	-
6,008	Investment Properties	5,993
100,923	**Total**	**97,255**

The council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the council and finance costs that will be payable by the council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31 March 2023 £000	Minimum Lease Payments	31 March 2024 £000
	Finance lease liabilities (net present value of minimum lease payments):	
3	Payable within one year	3
362	Payable after one year	359
846	Finance costs payable in future years	823
1,211	**Total minimum lease payments**	**1,185**

The minimum lease payments will be payable over the following periods:

Minimum Lease Payments	Finance Lease Liabilities		Minimum Lease Payments	
	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000
Not later than one year	3	3	26	26
Later than one year and not later than five years	15	16	106	105
Later than five years	347	340	1,079	1,050
Total	**365**	**359**	**1,211**	**1,181**

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

In 2023/24 contingent rents payable by the council in respect of finance leases totalled £341k (£341k in 2022/23).

Operating Leases

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

31 March 2023 £000	Minimum Lease Payments Payable	31 March 2024 £000
308	Not later than one year	207
362	Later than one year and not later than five years	721
113	Later than five years	1,297
783	**Total**	**2,225**

Note 17 Leases continued

Council as Lessor

Finance Leases

The council has leased out a number of assets on a finance lease basis. In most cases, the council received a lease premium upon inception such that the gross investment in the lease has been settled in full. The minimum lease payments are negligible.

Operating Leases

The council leases out property and equipment under operating leases for the following purposes:

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

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

31 March 2023 £000	Minimum Lease Payments Receivable	31 March 2024 £000
5,165	Not later than one year	5,234
34,707	Later than one year and not later than five years	33,876
13,606	Later than five years	12,307
53,478	**Total**	**51,417**

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2023/24 the contingent rent recognised was deemed immaterial.

Note 18 Private Finance Initiative and Similar Contracts

Such arrangements typically involve a private sector entity (the operator) constructing or enhancing property used in the provision of a public service, and operating and maintaining that property for a specified period of time, in return for a series of payments over the period of the arrangement.

A contract is determined to meet the definition of a service concession arrangement where the following two tests are met:

a) The local authority controls or regulates what services the operator must provide with the property, to whom it must provide them, and at what price;

b) The local authority controls any significant residual interest in the property at the end of the term of the arrangement (typically through ownership or beneficial entitlement).

If the property is used for its entire life, and there is little or no residual interest, the arrangement falls within this scope where the first condition is met. Where the above tests are met, property used shall be recognised as an asset or assets of the local authority. Assets shall be recognised and accounted for in accordance with the Code. This is balanced by the recognition of a finance lease liability measured at the value of the related asset, and subsequently calculated using the actuarial method prescribed for finance leases.

The amounts payable to the PFI operators each year are analysed into five elements, as shown in paragraph xvi of the Accounting Policies.

The council has identified five schemes to be accounted for as service concession arrangements. Details of the schemes are as follows:

Service Concession Arrangement	Start Date	End Date	Total Value £ million
Street Lighting	June 2003	June 2028	48
Housing (1)	March 2003	March 2033	247
Care Homes	April 2003	March 2030	133
Schools (1)	July 2008	Jan 2040	123
Schools (2)	August 2012	March 2038	102

Note 18 Private Finance Initiative and Similar Contracts continued

Housing PFI 1 - a 30-year agreement, covering 2,348 dwellings, whereby the operator is required to achieve and subsequently maintain decent homes standard for the duration of the agreement. All tenants and leaseholders resident within the contracted stock retain the same rights as other council tenants. The council has agreed performance standards with the contractor, which set out the targets that have to be achieved in terms of the service provision for repairs, maintenance and housing management. There is no allowance for the contract to be renewed or extended at the end of the contract period. All assets will remain in the ownership of the council.

Street Lighting - an agreement for the design, build, maintenance and financing of new, refurbished and existing public lighting, associated equipment and apparatus over 25 years. There are currently over 11,600 street lighting units and over 4,200 items of illuminated street furniture. The contract transfers the responsibility for maintenance and associated risk to the PFI provider and the ownership of assets remains with the council. The council has agreed performance standards with the contractor which set out the targets that have to be achieved in terms of the service provision for repairs, maintenance and replacements. The council has rights to use the specified assets for and the assets can also be used by 3rd parties with the agreement of both the council and the PFI provider. The contract enables the PFI provider to allow advertising on specified assets. This is subject to agreement by the council with a revenue sharing arrangement in place.

BSF Phase 1 - design, build and facilities management of two schools over a 25-year term. The contract transfers the responsibility for maintenance and associated risk to the PFI provider and the ownership of assets remains with the council. The council determines what services are provided, to whom and at what price is charged to the service user. The project includes a comprehensive performance monitoring regime which consists of a number of KPI’s that must be delivered on, also a market testing agreement is in place to ensure value for money over the course of the contract. There is no allowance for the contract to be renewed or extended at the end of the contract period.

BSF Phase 2 - a 25-year-old agreement, covering two schools, with similar conditions to BSF Phase 1

Care Homes - 30-year agreement for the design, build, maintenance, operation and financing of residential care homes. The contract transfers the responsibility for maintenance and associated risk to the provider and the ownership of assets remains with the council. The council determines what services are provided and to whom, as it controls 100% of the care home beds. The rate to be paid is determined by the contractually agreed rates and uplifts, and the contract does not enable the provider to generate third party income. There is no allowance for the contract to be renewed or extended at the end of the contract period.

Note 18 Private Finance Initiative and Similar Contracts continued

This table shows what has been recognised in the Balance Sheet in respect of PFI (or similar) arrangements.

	Council Dwellings £000	Other Land and Buildings £000	Infrastructure £000	Total £000
Net Book Value at 1 April 2022	**356,722**	**89,298**	**5,611**	**451,631**
Additions	-	-	-	**-**
Depreciation & Impairment	(3,002)	(1,773)	(702)	**(5,477)**
Revaluation	8,599	13,375	-	**21,974**
Disposal	(85)	-	-	**(85)**
Other	(214,615)	-	-	**(214,615)**
Net Book Value at 31 March 2023	**147,619**	**100,900**	**4,909**	**253,428**
Net Book Value at 1 April 2023	**147,619**	**100,900**	**4,909**	**253,428**
Additions	2,702	54	-	**2,756**
Depreciation & Impairment	(3,115)	(2,041)	(702)	**(5,858)**
Revaluation	(11,882)	596	-	**(11,286)**
Disposal	1	-	-	**1**
Other	-	-	-	**-**
Net Book Value at 31 March 2024	**135,324**	**99,509**	**4,207**	**239,041**

Movement in liabilities resulting from PFI or similar contracts:				
Value at 1 April 2022	**(16,803)**	**(59,361)**	**(6,198)**	**(82,362)**
New liability incurred	-	-	-	-
Repayments made in year	804	2,979	814	**4,597**
Value at 31 March 2023	**(15,999)**	**(56,383)**	**(5,384)**	**(77,765)**
Value at 1 April 2023	**(16,803)**	**(59,361)**	**(6,198)**	**(82,362)**
New liability incurred	-	-	-	-
Repayments made in year	463	3,211	780	**4,454**
Value at 31 March 2024	**(16,340)**	**(56,151)**	**(5,418)**	**(77,908)**

Note 18 Private Finance Initiative and Similar Contracts continued

The projected payments under the agreements are as follows:

Contracted payments due within:		1 year	2-5 years	6-10 years	11-15 years
		£000	£000	£000	£000
Care Homes	Liability	471	2,212	1,475	-
	Interest	303	883	72	-
	Service Charges	4,729	20,127	10,834	-
Street Lighting	Liability	876	3,294	-	-
	Interest	398	664	-	-
	Service Charges	1,949	6,215	-	-
Housing (1)	Liability	537	3,801	11,197	-
	Interest	2,002	7,280	3,953	-
	Service Charges	13,220	56,053	54,588	-
BSF Phase 1	Liability	2,064	9,448	14,222	1,390
	Interest	1,698	5,414	3,242	87
	Service Charges	2,228	9,861	16,133	1,409
BSF Phase 2	Liability	923	4,734	8,328	8,769
	Interest	2,139	7,592	6,549	2,088
	Service Charges	1,600	6,682	10,375	9,287

Note 19 Capital Expenditure and Capital Financing

2022/23 £000	Capital Expenditure and Sources of Capital Financing	2023/24 £000
709,796	**Opening Capital Financing Requirement**	**734,849**
	Capital Investment	
140,930	Property, plant and equipment	176,550
3	Investment properties	236
11,972	REFCuS	7,017
	Sources of Finance	
(25,058)	Capital receipts	(26,050)
(37,289)	Capital grants and contributions	(40,095)
(38,490)	Major Repairs Reserve	(20,225)
(19,776)	Direct revenue contributions	(5,088)
	Debt Repayment	
(3,767)	Statutory provision for the repayment of debt	(4,289)
(3,472)	Repayment of PFI and finance lease liabilities	(3,136)
734,849	**Closing Capital Financing Requirement**	**819,770**
	Explanation of Movements in Year	
(25,053)	(Increase) / decrease in underlying need to borrow	(84,921)
(25,053)	**(Increase) / decrease in Capital Financing Requirement**	**(84,921)**

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

Note 20 Financial Instruments

Financial Instruments - Classifications

The definition of a financial instrument is:

> Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

Financial Liabilities

A Financial Liability is an obligation to transfer economic benefits controlled by the council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the council.

The majority of the council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders
- short-term loans from other local authorities
- cash and bank overdrawn
- finance leases detailed in Note 17
- Private Finance Initiative contracts detailed in Note 18
- trade payables for goods and services received

Financial Assets

A financial asset is a right to future economic benefits controlled by the council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the council. The financial assets held by the council during the year are accounted for under the following two classifications:

1) Amortised cost (where cash flows are solely payments of principal and interest, and the council's business model is to collect those cash flow) comprising:

   - loans to other local authorities
   - loans to a Building for Schools company made for service purposes
   - trade receivables for goods and services delivered
   - overnight deposit with the Debt Management Office

2) Fair value through other comprehensive income (where cash flows are solely payments of principal and interest, and the council's business model is to both collect those cash flows and sell the instrument; and equity investments that the council has elected into this category) comprising:

   - minority equity investments in Transform Islington Phase 1 Holdings Limited

Note 20 Financial Instruments continued

- minority equity investments in Transform Islington Phase 2 Holdings Limited
- minority equity investments in Transform Islington Limited

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the council.

Balances on fixed term deposits as at 31 March 2024 that are shown under 'cash and cash equivalents' in the Balance Sheet represent highly liquid investments that are readily convertible to known amounts of cash, with an insignificant risk of changes in value. These form part of the council's portfolio of investments disclosed on the next page.

Note 20 Financial Instruments continued

Financial Instruments - Balances

The financial assets and financial liabilities disclosed in the Balance Sheet are made up of the following categories of financial instrument:

Category of financial asset		Footnote	Long-term 31 March 2023 £000	Long-term 31 March 2024 £000	Short-term 31 March 2023 £000	Short-term 31 March 2024 £000
At amortised cost	*Principal*		10,640	607	30,228	35,231
	Accrued interest		-	-	448	648
At fair value through profit & loss	*Equity investments elected FVOCI*		81	110	-	-
	Total Investments	**1**	**10,721**	**717**	**30,676**	**35,879**
At amortised cost	**Cash and Cash Equivalents**		-	-	13,651	68,295
Loans and receivables	*Trade receivables*		7,050	11,248	127,307	100,208
	Loss allowance		(892)	(1,012)	(21,355)	(24,154)
	Included in Debtors	**2**	**6,158**	**10,236**	**105,952**	**76,054**
Total Financial Assets			**16,879**	**10,953**	**150,279**	**180,228**

Footnote 1 Short-term investments of £35,879k include £10,059k (£476k in 2022/23) of accrued interest and principal repayments due within 12 months on long-term investments.

Footnote 2 Short-term and Long-term debtors in the Balance Sheet include £49,197k of net debtors (£27,942k in 2022/23) that do not meet the definition of a financial asset and are excluded from the table above.

Note 20 Financial Instruments continued

Category of financial liability		Footnote	Long-term 31 March 2023 £000	Long-term 31 March 2024 £000	Short-term 31 March 2023 £000	Short-term 31 March 2024 £000
Loans at amortised cost	*Principal*		(242,481)	(313,877)	(43,062)	(28,668)
	Accrued interest		-	-	(2,945)	(3,586)
	Total Borrowings	**1**	**(242,481)**	**(313,877)**	**(46,007)**	**(32,254)**
Loans at amortised cost	**Bank overdrawn**		-	-	(26,615)	(13,305)
Liabilities at amortised cost	**PFI and finance lease liabilities**	**2 + 3**	(73,669)	(68,794)	(4,458)	(4,876)
	Other liabilities	**2**	-	(3,049)	-	-
	Trade payables - included in Creditors	**3**	-	-	(40,709)	(53,091)
Total Financial Liabilities			**(316,150)**	**(385,720)**	**(117,789)**	**(103,526)**

Footnote 1 - Short-term borrowings of £32,254k includes £28,968k (£26,006k in 2022/23) of accrued interest and principal repayments due within 12 months on long-term borrowing.

Footnote 2 - Other long-term liabilities in the Balance Sheet of £72,672k includes £68,794k of PFI and finance lease liabilities and £3,049k of other liabilities that are financial instruments and are included in the table above. Other long-term liabilities in the Balance Sheet of £72,627k also includes £829k of liabilities (£921k in 2022/23) that do not meet the definition of a financial instrument and are excluded from the table above.

Footnote 3 – Short-term creditors in the Balance Sheet £182,375k includes £4,876k of PFI and finance lease liabilities and £53,091k of trade payables that are financial instruments and are included in the table above. Short-term creditors in the Balance Sheet of £182,375k also includes £124,408k of creditors (£151,038k in 2022/23) that do not meet the definition of a financial instrument and are excluded from the table above.

Note 20 Financial Instruments continued

Soft Loans

Where loans are advanced at below market rates they are classed as soft loans. The 2023/24 Code of Practice sets out specific accounting requirements for soft loans. The main soft loans consist of season ticket loans of £61k, cycle scheme loans of £110k, gym membership loans of £313k and home computer loans of £951k to employees as at 31 March 2024. These loans are carried at nominal value in the Balance Sheet as they are due within ten months for the season ticket and gym membership loans, 12 months for the cycle scheme and two years for the computer schemes, thus the effect on the accounts is deemed to be immaterial. Similarly a £100k loan to a charity, repayable over 15 years, is carried at nominal value in the Balance Sheet as it's deemed immaterial.

Equity instruments elected to fair value through other comprehensive income

The council has elected to account for the following investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the council's annual financial performance.

Equity Instruments at Fair Value through Other Comprehensive Income	Fair Value 31 March 2023 £000	Fair Value 31 March 2024 £000	Dividends 31 March 2023 £000	Dividends 31 March 2024 £000
Transform Islington Phase 1 Holdings Limited	-	-	(9)	-
Transform Islington Phase 2 Holdings Limited	-	-	(23)	(16)
Transform Islington Limited	81	110	-	
Total	**81**	**110**	**(32)**	**(16)**

Items of Income, Expense, Gains or Losses

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

Item of income, expense, gains or losses	Financial Liabilities - Amortised Cost £000	Financial Assets - Amortised Cost £000	Financial Assets - Elected to Fair Value through OCI £000	2023/24 Total £000	2022/23 Total £000
Interest expense	21,906	-	-	**21,906**	20,681
Impairment losses	-	4,298	-	**4,298**	5,590
Interest payable and similar charges	**21,906**	**4,298**	**-**	**26,204**	**26,271**
Interest income	-	(4,228)	-	**(4,228)**	(1,543)
Dividend income	-	-	(16)	**(16)**	(120)
Impairment loss reversals	-	(15)	-	**(15)**	(2,689)
Interest and investment income	**-**	**(4,243)**	**(16)**	**(4,259)**	**(4,352)**
Net impact on surplus/deficit on provision of services	**21,906**	**55**	**(16)**	**21,945**	**21,919**
(Gain)/Loss on revaluation			(29)	**(29)**	18
Impact on other comprehensive income	**-**	**-**	**(29)**	**(29)**	**18**
Net (Gain)/Loss for the Year	**21,906**	**55**	**(45)**	**21,916**	**21,937**

Note 20 Financial Instruments continued

Fair Values of Assets and Liabilities

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value.

For most assets, the fair value is taken from the market price. However, the fair values of the instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2024, using the following methods and assumptions:

- Shares in Transform Islington Limited, Transform Islington Holdings Phase 1 Limited and Transform Islington Holdings Phase 2 Limited have been valued from the company's Balance Sheet net assets.

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

- Loans borrowed by the council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March 2024.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown on the next two pages, split by their level in the fair value hierarchy:

Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices

Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments

Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

Note 20 Financial Instruments continued

Financial Assets

Financial Assets		Fair Value Level	Balance Sheet 31 March 2023 £000	Fair Value 31 March 2023 £000	Balance Sheet 31 March 2024 £000	Fair Value 31 March 2024 £000
Financial assets held at fair value	Shares in unlisted companies	3	81	81	110	110
Financial assets held at amortised cost	Long-term loans to local authorities	3	10,000	9,302	-	-
	Long-term loans to companies	3	567	627	542	592
Total Financial Assets for which a fair value is disclosed			**10,648**	**10,010**	**652**	**702**
Financial Assets for which fair value is not disclosed (Footnote 1)			156,509		190,529	
Total Financial Assets			**167,157**		**191,181**	
Recorded on Balance Sheet as:	Long-term debtors		6,158		10,236	
	Long-term investments		10,720		717	
	Short-term debtors		105,952		76,054	
	Short-term investments		30,676		35,879	
	Cash and cash equivalents		13,651		68,295	
Total Financial Assets			**167,157**		**191,181**	

Footnote 1 The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

Note 20 Financial Instruments continued

Financial Liabilities

The fair value of financial liabilities held at amortised cost is lower than their Balance Sheet carrying amount because the council's portfolio of loans includes a number of loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date.

Financial Liabilities		Fair Value Level	Balance Sheet 31 March 2023 £000	Fair Value 31 March 2023 £000	Balance Sheet 31 March 2024 £000	Fair Value 31 March 2024 £000
Financial liabilities held at amortised cost	Long-term loans and short-term from PWLB	2	(237,116)	(216,435)	(324,938)	(303,790)
	Other long-term and short-term loans	2	(31,410)	(30,003)	(21,193)	(20,563)
	Lease payables and PFI liabilities	3	(78,127)	(97,351)	(73,670)	(92,703)
Total Financial Liabilities for which a fair value is disclosed			**(346,653)**	**(343,789)**	**(419,801)**	**(417,056)**
Financial Liabilities for which fair value is not disclosed (Footnote 1)			(87,286)		(69,445)	
Total Financial Liabilities			**(433,939)**		**(489,246)**	
Recorded on Balance Sheet as:	Short-term creditors		(45,167)		(57,967)	
	Short-term borrowing		(46,007)		(32,254)	
	Cash and bank overdrawn		(26,615)		(13,305)	
	Long-term borrowing		(242,481)		(313,877)	
	Other long-term liabilities		(73,669)		(71,843)	
Total Financial Liabilities			**(433,939)**		**(489,246)**	

Footnote 1 The financial liabilities for which fair value is not disclosed of £69,445k include the Bank Overdrawn balance of £13,305k and trade payables of £53,091k, where fair value is assumed to approximate the carrying amount, and other long-term liabilities of £3,049k, where the fair value is deemed to be immaterially different to the carrying amount.

Note 21 Nature and Extent of Risks Arising from Financial Instruments

The council complies with CIPFA's Treasury Management in the Public Services: Code of Practice and Prudential Code for Capital Finance in Local Authorities.

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

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

The main risks covered are:

Credit Risk: The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the council

Liquidity Risk: The possibility that the council might not have the cash available to make contracted payments on time

Market Risk: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices

Note 21 Nature and Extent of Risks Arising from Financial Instruments continued

Credit Risk

Treasury Investments

The council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A+, the UK government, other local authorities, and organisations without credit ratings upon which the council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

In line with the 2023/24 Treasury Management Strategy, the maximum that could be invested with a single counterparty was £15m (other than the UK government). For unsecured investments in banks and building societies, an investment time limit of 13 months applied. No more than £30m in total could be invested for a period longer than one year.

The table below summarises the credit risk exposures of the council's treasury investment portfolio by credit rating and remaining time to maturity:

Credit Rating	31 March 2023		31 March 2024	
	Long-term £000	Short-term £000	Long-term £000	Short-term £000
Unrated local authorities	10,000	30,200	-	35,848
Unrated private companies and other organisations	639	79	607	31
Sub-total	**10,639**	**30,279**	**607**	**35,879**
Credit risk not applicable (Footnote 1)	81	-	110	-
Total Investments	**10,720**	**30,279**	**717**	**35,879**

Footnote 1 Credit risk is not applicable to shareholdings and pooled funds where the council has no contractual right to receive any sum of money.

Note 21 Nature and Extent of Risks Arising from Financial Instruments continued

Trade Receivables

The following analysis summarises the council's potential maximum exposure credit risk, based on the experience gathered over the last five financial years on the level of default on debtors, adjusted for current market conditions. Receivables are collectively assessed for credit risk in the following groupings:

Type of Receivable		31 March 2024 Range of allowances set aside	31 March 2023 Gross receivable £000	31 March 2023 Loss allowance £000	31 March 2024 Gross receivable £000	31 March 2024 Loss allowance £000
Public Sector Debtors	Other Public Sector Debtors	0% - 100%	64,288	(1,579)	33,559	(2,356)
	Islington Council Pension Fund	0%	1,438	-	1,530	-
Non-Public Sector Debtors	Residential & Domiciliary Care	0% - 57%	8,918	(3,026)	9,650	(3,011)
	Leaseholders: Major Works / Service charges	10.5% - 95%	19,884	(1,099)	24,027	(1,226)
	Housing Rents	0% - 100%	16,069	(9,805)	19,040	(11,448)
	Other Non-Public Sector Debtors	0% - 100%	23,531	(6,509)	23,650	(7,125)
Total			**134,130**	**(22,018)**	**111,456**	**(25,166)**

In the table above, Other Public Sector Debtors (£33,559k) and Other Non-Public Sector Debtors (£23,650k) include £59,287k of sundry debtors processed through the council's accounts receivable system. Sundry debtors can be analysed by age as follows:

Sundry debtors	31 March 2023 £000	31 March 2024 £000
Less than three months	39,102	47,266
Three to six months	1,306	1,488
Six months to one year	6,317	1,518
More than one year	7,463	9,015
Total	**54,188**	**59,287**

The authority does not generally allow credit for customers. £21m of the £59m sundry debtor balance is more than 30 days past the invoice date. Debtor balances which are likely to be impaired are provided for through the loss allowance. The remaining £38m is deemed collectable and not impaired.

Receivables are written off to the Surplus or Deficit on the Provision of Services when they are deemed irrecoverable.

Note 21 Nature and Extent of Risks Arising from Financial Instruments continued

Loans, Financial Guarantees and Loan Commitments

The council has lent money to three private companies responsible in managing schools under the Building Schools for the Future scheme and to the Highbury Roundhouse Association. All loans were issued at market rates.

The amounts recognised on the Balance Sheet, and the council's total exposure to credit risk from these instruments are:

Risk Exposure 31 March 2023 £000	Borrower	Exposure Type	Risk Exposure 31 March 2024 £000
639	Buildings Schools for the Future (BSF) private companies as listed below:	Loans at market rates	566
	Transform Islington Phase 1 Holdings Ltd		
	Transform Islington Phase 2 Holdings Ltd		
	Transform Islington Ltd		
78	Highbury Roundhouse Association Ltd	Loans at market rates	72
717	**Total**		**638**

Loss allowances on trade and lease receivables and contract assets have been calculated by reference to the council's historic experience of default and adjusted for current and forecast economic conditions.

A reconciliation of opening to closing loss allowances on loans for service purposes is as follows:

Reconciliation of Loss Allowances	12-Month Expected Credit Losses £000	Lifetime Expected Credit Losses Simplified Approach for Receivables £000	Total Loss Allowance £000
Opening allowance 1 April 2023	**(21)**	**(18,763)**	**(18,774)**
Change in risk	-	2,933	2,933
Closing allowance 31 March 2024	**(21)**	**(15,820)**	**(15,841)**

Note 21 Nature and Extent of Risks Arising from Financial Instruments continued

Liquidity Risk

The council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 25% of the council's borrowing matures in any one financial year.

The maturity analysis of the financial instruments is as follows:

	PWLB		Local Authorities		Other		Total	
Financial Liability Maturity	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000
Less than 1 year	(13,062)	(13,668)	(10,000)	(15,000)	(20,000)	-	**(43,062)**	**(28,668)**
Between 1 and 2 years	(27,337)	(13,668)	(20,000)	(5,000)	-	-	**(47,337)**	**(18,668)**
Between 2 and 5 years	(4,335)	(6,553)	(1,000)	-	-	(1,000)	**(5,335)**	**(7,553)**
Between 5 and 10 years	(41,226)	(98,109)	-	-	-	-	**(41,226)**	**(98,109)**
Between 10 and 20 years	(33,569)	(24,467)	-	-	-	-	**(33,569)**	**(24,467)**
More than 20 years	(115,079)	(165,080)	-	-	-	-	**(115,079)**	**(165,080)**
Total	**(234,608)**	**(321,544)**	**(31,000)**	**(20,000)**	**(20,000)**	**(1,000)**	**(285,608)**	**(342,545)**
Accrued Interest - less than 1 year							(2,945)	(3,586)
Trade creditors - less than 1 year							(40,709)	(53,091)
Cash Overdrawn - less than 1 year							(26,615)	(13,305)
Total Carrying Amount							**(355,877)**	**(412,527)**

Note 21 Nature and Extent of Risks Arising from Financial Instruments continued

Market Risk - Interest Rate Risk

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

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited will rise
- investments at fixed rates – the fair value of the assets will fall

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. 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. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The council is exposed to risks arising from movements in interest rates. The Treasury Management Strategy and Investment Strategy aim to mitigate these risks by setting upper and lower limits on one year impact of a rise and fall in interest rates by 1%. As at 31 March 2024, the whole debt portfolio was held in fixed rate instruments.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Financial effect	£000
Increase in interest payable on variable rate borrowings	n/a
Increase in interest receivable on variable rate investments	n/a
Increase in government grant receivable for financing costs	n/a
Impact on the Provision of Services (surplus/deficit)	n/a
Share of overall impact debited/credited to HRA	(784)
Decrease in fair value of fixed rate investments (Footnote 1)	-
Impact on Other Comprehensive Income and Expenditure	-
Decrease in fair value of fixed rate borrowings/liabilities (Footnote 1)	(30,251)

Footnote 1 No impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

Note 21 Nature and Extent of Risks Arising from Financial Instruments continued

Market Risk - Price Risk

The council has insignificant investment in equity shares and therefore is not subject to material price risk (i.e. the risk that the council will suffer loss as a result of adverse movements in the price of financial instruments).

Foreign Exchange Risk: The council has no financial asset or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

Note 22 Cash and Cash Equivalents

The table below provides a breakdown of Cash and Cash Equivalents:

31 March 2023 £000	Cash and Cash Equivalents	31 March 2024 £000
13,500	Liquid investments	68,000
72	Cash held by the authority	155
79	Bank accounts	140
13,651	Cash and Cash Equivalents	**68,295**
(26,615)	Bank Overdrawn	**(13,305)**
(12,964)	**Total Cash and Cash Equivalents**	**54,990**

Further information on liquid investments is included in Note 20.

Note 23 Debtors

31 March 2023				31 March 2024		
Gross Debt £000	Impairments for Doubtful Debt £000	Net Debt £000	Debtors	Gross Debt £000	Impairments for Doubtful Debt £000	Net Debt £000
			Public Sector Debtors and Prepayments			
14,045	-	**14,045**	HMRC: VAT	8,564	-	**8,564**
1,438	-	**1,438**	Islington Council Pension Fund	1,530	-	**1,530**
22,245	-	**22,245**	Central Government Debtors	9,870	-	**9,870**
24,966	(624)	**24,342**	NHS Debtors	19,434	(1,008)	**18,426**
8,187	(955)	**7,232**	Local Authority Debtors	17,075	(1,348)	**15,727**
9,412	-	**9,412**	Other Public Sector Debtors	9,726	-	**9,726**
415	-	**415**	Prepayments	756	-	**756**
80,708	**(1,579)**	**79,129**	**Total Public Sector Debtors and Prepayments**	**66,955**	**(2,356)**	**64,599**
			Non-Public Sector Debtors and Prepayments			
8,258	(6,920)	**1,338**	National Non-Domestic Rates	7,859	(6,303)	**1,556**
31,464	(27,292)	**4,172**	Council Tax	32,070	(26,852)	**5,218**
13,645	(11,882)	**1,763**	Housing Benefit Overpayments	13,059	(11,109)	**1,950**
33,561	(30,512)	**3,049**	Parking Fines	48,745	(45,987)	**2,758**
8,918	(3,026)	**5,892**	Residential and Domiciliary Care	9,650	(3,011)	**6,639**
19,884	(1,099)	**18,785**	Leaseholders: Major Works/Service Charges	24,027	(1,226)	**22,801**
16,069	(9,805)	**6,264**	Housing Rents	19,040	(11,448)	**7,592**
2,636	-	**2,636**	Prepayments	5,632	-	**5,632**
23,762	(6,738)	**17,024**	Other Non-Public Sector Debtors	23,867	(7,125)	**16,742**
158,197	**(97,274)**	**60,923**	**Total Non-Public Sector Debtors and Prepayments**	**183,949**	**(113,061)**	**70,888**
238,905	**(98,853)**	**140,052**	**Total Debtors and Prepayments**	**250,904**	**(115,417)**	**135,487**
231,855	(97,961)	**133,894**	Short-term Debtors and Prepayments	239,656	(114,405)	**125,251**
7,050	(892)	**6,158**	Long-term Debtors and Prepayments (Footnote 1)	11,248	(1,012)	**10,236**

Footnote 1 - All long-term debtors in 2023/24 relate to leaseholder contributions to major works.

Note 24 Short-term Creditors

31 March 2023 £000	Short-term Creditors and Receipts in Advance	31 March 2024 £000
	Public Sector Creditors and Receipts in Advance	
(101,493)	GLA/DLUHC: Council Tax and Business Rates creditors	(79,944)
(5,210)	HMRC: Tax	(5,552)
-	Public Sector Capital Creditors	(1,066)
(5,628)	Other Public Sector Creditors	(10,081)
(383)	Receipts in Advance (not grants)	(246)
(112,714)	**Total Public Sector Creditors and Receipts in Advance**	**(96,889)**
	Non-Public Sector Creditors and Receipts in Advance	
(20,418)	Council Tax and Non-Domestic Rates	(17,646)
(4,458)	Short-term lease liabilities	(4,876)
(7,402)	Accumulated absences accrual	(7,789)
(6,686)	Non-Public Sector Capital Creditors	(7,518)
(28,915)	Other Creditors	(36,188)
(11,153)	Receipts in Advance (not grants)	(11,469)
(79,032)	**Total Non-Public Sector Creditors and Receipts in Advance**	**(85,486)**
(191,746)	**Total Short-term Creditors and Receipts in Advance**	**(182,375)**

Note 25 Grants Receipts in Advance

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

31 March 2023 £000	Short-term Grants Receipts in Advance	31 March 2024 £000
	Revenue	
(5,021)	NHS Section 256 contributions	(4,820)
(3,791)	Homes for Ukraine - DLUHC	(2,578)
(1,413)	Energy Bill Support Scheme Alternative Funding - DESNZ	-
(1,769)	Afghan Citizens Resettlement Scheme - Home Office	(1,149)
(745)	Out of Hospital Care Grant - DHSC	(733)
(1,272)	Afghan Resettlement Education Grant - DfE	-
(3,193)	Other revenue grants and contributions	(2,953)
(17,204)	**Sub-total**	**(12,233)**
	Capital	
-	Local Authority Housing Grant - DLUHC	(36,733)
(3,447)	Section 106 contributions	(6,081)
(1,666)	Other capital grants and contributions	(5,945)
(2,582)	Right to Buy Ringfence Agreement (Local Authority) - GLA	(1,973)
(7,695)	**Sub-total**	**(50,733)**
(24,899)	**Total Short-term Grants Receipts in Advance**	**(62,966)**

31 March 2023 £000	Long-term Grants Receipts in Advance	31 March 2024 £000
-	Local Authority Housing Grant - DLUHC	(30,611)
(20,077)	Section 106 contributions	(12,825)
(566)	Other capital grants and contributions	(316)
(20,643)	**Total Long-term Grants Receipts in Advance**	**(43,752)**

Note 26 Provisions

Provisions	Insurance Claims	Business Rate Appeals	Thames Water	Social Services Charges	Housing Disrepair Claims	Pay Related	Other Minor	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 April 2023	**(16,345)**	**(11,522)**	**(6,986)**	**(686)**	**(1,669)**	**(3,414)**	**(366)**	**(40,989)**
Additional provisions made in 2023/24	(3,890)	(206)	-	(34)	(378)	(457)	(139)	**(5,104)**
Amounts used in 2023/24	3,917	1,100	-	-	774	2,487	8	**8,286**
Unused amounts reversed in 2023/24	-	-	1,683	-	305	573	85	**2,645**
Balance as at 31 March 2024	**(16,319)**	**(10,629)**	**(5,303)**	**(721)**	**(968)**	**(811)**	**(411)**	**(35,161)**
Settled within 12 months	(5,054)	(7,086)	(5,303)	-	(968)	(811)	(411)	**(19,633)**
Settled after more than 12 months	(11,264)	(3,543)	-	(721)	-	-	-	**(15,528)**
Balance as at 31 March 2024	**(16,319)**	**(10,629)**	**(5,303)**	**(721)**	**(968)**	**(811)**	**(411)**	**(35,161)**

Business Rate Appeals

The council is required to make a provision for appeals against property valuations by business rate payers. The outcome of these appeals, and the timing of any future payments, is determined by the Valuations Office and is not within the council's control.

Thames Water

The Water Rates provision relates to a risk that the council may be required to make refunds to tenants for historical overcharged water costs based on precedent from a previous High Court Case against Southwark Council; however the council intends to continue defending any claims brought.

Social Services Charges

The council is required to make repayment of charges made for care services provided under Section 117 of the Mental Health Act 1983, where, following a 2002 House of Lords Judgement, services were subsequently adjudged to be free. This provision represents the balance of charges not yet repaid. Repayment will be made when claimed.

Housing Disrepair Claims

The Tenant Disrepair provision represents the estimated total cost the council may incur in legal costs, damages and compensation payments to tenants for claims submitted in relation to repair works that the council has failed to carry out and/or not carried out to the required standard.

Note 26 Provisions continued

Pay Related

The nature of the Pay Related provision includes agreed redundancy packages and pension strain amounts which have been agreed but not paid out as at the Balance Sheet date.

Insurance Provision

The council maintains an insurance fund as a provision covering anticipated liabilities for Errors and Omissions, Libel and Slander, Motor (Third Party), Employers' Liability, Public Liability, Fire and other risks – up to a specific limit for any one claim. External policies cover claims in excess of these limits. The council is a member of a consortium arrangement to purchase insurance cover along with eight other London boroughs. Each year, the council takes external professional advice on the value of insurance claims which will be paid from the self–funding arrangements.

The following table summarises the estimated liability by category of claims (held as the insurance claims provision) and the estimated buffer for risk in assumptions (held as the Insurance Risk earmarked reserve).

Insurance Fund	£000
Employers' Liability	1,902
Public Liability/Tree Roots	8,863
Motor	548
Property and Miscellaneous	5,805
Adjustment for Aggregate Breaches	(1,124)
Total for 2007/08 to 2023/24	**15,993**
Municipal Mutual Insurance (MMI) Clawback	326
Total Funding Requirement as at 31 March 2024 (Held as Provision)	**16,319**
Buffer for Unexpected Losses (Held in Earmarked Reserves)	3,350
Total Funding Requirement as at 31 March 2024 (Including Buffer)	**19,669**

Notes to the Cashflow Statements

Note 27 Cash Flow Statement – Operating Activities

This table gives a breakdown of adjustments to the net surplus/(deficit) on the provision services.

2022/23 £000	Operating Activities Adjustments	2023/24 £000
(105,120)	**Net Surplus or (Deficit) on the Provision of Services**	**(417)**
	Adjust net surplus or deficit on the provision of services for non cash movements	
61,571	Depreciation	63,524
73,998	Impairment and downward valuations	57,091
(83,507)	Increase/Decrease in Creditors	(9,274)
(22,504)	Increase/Decrease in Debtors	10,494
(568)	Increase/Decrease in Inventories	212
62,267	Movement in Pension Liability	(9,981)
(10)	Increase/(decrease) in impairment for bad debts	120
3,962	Carrying amount of non-current assets sold [property plant and equipment and investment properties]	19,121
(3,158)	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	(2,434)
92,051	**Total**	**128,873**
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
(33,409)	Proceeds from the sale of property, plant and equipment and investment properties	30
54	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(41,212)
(43,500)	Any other items for which the cash effects are investing or financing cash flows (Footnote 1)	(45,099)
(76,855)	**Total**	**(86,281)**
(89,923)	**Net Cash Flows from Operating Activities**	**42,175**

Footnote 1 – this line consists of Capital Grants credited to surplus or deficit on the provision of services.

The cash flows for operating activities include the following items:

2022/23 £000	Operating Activities (Interest)	2023/24 £000
1,350	Interest Received	4,045
(23,625)	Interest Paid	(25,480)

Note 28 Cash Flow Statement – Investing Activities

2022/23 £000	Investing Activities	2023/24 £000
(141,724)	Purchase of Property, Plant and Equipment and Investment Properties	(174,915)
(25,000)	Purchase of short-term and long-term investments	(116,200)
(11)	Other payments for investing activities	(4,218)
29,241	Proceeds from the sale of Property, Plant and Equipment and Investment Properties	41,212
90,300	Proceeds from short-term and long-term investments	121,200
30,183	Other receipts from investing activities (Footnote 1)	112,523
(17,011)	**Net cash flows from investing activities**	**(20,398)**

Footnote 1 – this line consists of capital grants received of £112,523k (£29,596k in 2022/23). The prior year figure also includes other capital payments received of £587k.

Note 29 Cash Flow Statement – Financing Activities

2022/23 £000	Financing Activities	2023/24 £000
55,954	Cash receipts of short-term and long-term borrowing	100,000
(4,600)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts	(4,457)
(44,668)	Repayments of short-term and long-term borrowing	(43,062)
72,572	Other payments for financing activities (Footnote 1)	(6,304)
79,258	**Net cash flows from financing activities**	**46,177**

Footnote 1 – this line consists of a change in council tax and NNDR creditors due to preceptors of -£4,287k (£38,716k in 2022/23), a change in council tax and NNDR creditors due to Central Government of -£2,456k (£34,244k in 2022/23) and a change in council tax and NNDR debtors from preceptors of £439k (-£388k in 2022/23).

Reconciliation of Liabilities arising from Financing Activities	Balance as at 31 March 2023 £000	Financing Cash Flows £000	Non Cash Changes £000	Balance as at 31 March 2024 £000
Long-term borrowings	(242,481)	(100,000)	28,604	(313,877)
Short-term borrowings	(46,006)	46,007	(32,254)	(32,254)
Lease Liabilities	(363)	4	-	(359)
On-Balance Sheet PFI Liabilities	(77,764)	4,453	-	(73,311)
Total Liabilities from Financing Activities	**(366,615)**	**(49,536)**	**(3,650)**	**(419,801)**

Other Notes

Note 30 Defined Benefit Pension Schemes

Participation in Pensions Schemes

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

The council participates in two post-employment schemes:

- the Local Government Pension Scheme (LGPS) for non-teaching employees, administered by Islington Council and the London Pensions Fund Authority (LPFA) (for those former employees of the Greater London Council / Inner London Education Authority). The LGPS is a funded scheme, meaning that the council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. This includes discretionary benefits in relation to the Local Government Pension Scheme and Teachers' Pension Scheme.

Discretionary post-retirement benefits

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

Transactions Relating to Post-Employment Benefits

The council recognises the cost of retirement benefits in the Comprehensive Income and Expenditure Statement cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund [and Housing Revenue Account] via the Movement in Reserves Statement.

Note 30 Defined Benefit Pension Schemes continued

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements*	
Comprehensive Income and Expenditure Statement	**31 March 2023 £000**	**31 March 2024 £000**	**31 March 2023 £000**	**31 March 2024 £000**
Cost of Services				
Current service costs including administrative expenses	83,281	39,329	-	-
Past service costs including curtailments	739	3,675	-	-
Settlements	6,368	-	-	-
Financing and Investment Income and Expenditure				
Net interest expense	24,427	7,138	1,176	1,564
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	**114,815**	**50,142**	**1,176**	**1,564**
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	104,821	(117,799)	-	-
Actuarial (gains) and losses arising from changes in demographic assumptions	(1,774)	(23,382)	(555)	(518)
Actuarial (gains) and losses arising from changes in financial assumptions	(1,043,475)	(28,868)	(10,216)	(152)
Changes in effect of asset ceiling/onerous obligation	952	40,737	-	-
Experience gains / (losses) on defined benefit obligation	187,064	14,795	3,207	268
Total Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**(752,412)**	**(114,517)**	**(7,564)**	**(402)**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**(637,597)**	**(64,375)**	**(6,388)**	**1,162**
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(114,815)	(50,142)	(1,176)	(1,564)
Actual amount charged against the General Fund Balance for pensions in the year				
Employers' contributions payable to scheme	59,482	48,831	3,201	3,362
Retirement benefits payable to pensioners		-	(3,201)	(3,362)

* Discretionary benefits comprise the unfunded elements of the local government pension schemes (administered by Islington Council and LPFA) and the Teachers Pensions Scheme.

Note 30 Defined Benefit Pension Schemes continued

Pensions Assets and Liabilities Recognised in the Balance Sheet

The Balance Sheet includes the following amount arising from the council's obligation in respect of its defined benefit plans:

Scheme History	Funded Liabilities				Unfunded Liabilities			
	London Borough of Islington Pension Fund		London Pensions Fund Authority		Discretionary Benefits		Total	Total
	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000
Present Value of defined benefit obligation	(1,809,536)	(1,849,977)	(29,098)	(27,881)	(34,076)	(31,876)	(1,872,710)	**(1,909,734)**
Fair Value of Plan Assets	1,624,446	1,826,094	44,157	45,890	-	-	1,668,603	**1,871,984**
Impact of Asset Ceiling	-	(38,481)	(14,977)	(17,952)	-	-	(14,977)	**(56,433)**
Net liability	**(185,090)**	**(62,364)**	**82**	**57**	**(34,076)**	**(31,876)**	**(219,084)**	**(94,183)**

The total net liability of £94,183k has a substantial impact on the net worth of the council as recorded in the Balance Sheet (£219,084k as at 31 March 2023). The large reduction in the deficit by £124,901k over the year is driven primarily by changes in market conditions over the year which accounts for the total remeasurement gain of circa £153.3m for the London Borough of Islington Pension Fund (prior to the impact of the asset ceiling/onerous obligation of £38,481k).

On the London Borough of Islington Pension Fund assets, the investment return of 11.88% was significantly higher than that expected (-3.32% in 2022/23). On the liabilities, as referred to above there was an increase in the real discount rate of 0.1% p.a. over the year leading to lower liabilities. The impact of changes in the mortality assumption also reduced the liabilities. However, the overall impact of these changes was offset by the impact of higher than expected inflation over the year.

Overall, these changes contributed towards the reduction in deficit for the London Borough of Islington Pension Fund shown approximately £209m (2022/23) to circa £46m (2023/24) prior to the impact of the onerous obligation of £38,481k on the balance sheet.

There has been a change in financial assumptions, namely the movement in the "net discount rate" i.e. the return in excess of inflation. The small increase in the net discount rate from 4.8% to 4.9% over the year serves to reduce the liabilities in comparison with the previous year.

Note 30 Defined Benefit Pension Schemes continued

Demographic assumptions have also resulted in changes in remeasurements (liabilities). This net liability shows the underlying commitments that the council has in the long-term to pay retirement benefits. It has reduced due to changes in actuarial financial, demographic and experience assumptions. However, statutory arrangements for funding the deficit mean that the financial position of the council remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary;
- Finance is only required to be raised to cover teachers' pensions when the pensions are actually paid.

While focus previously had been around the implications for those employers in surplus, there is now more clarity emerging in relation to the application of IFRIC 14 in scenarios where a LGPS employer has a deficit on the balance sheet i.e. for the council. This is relevant where the payment of deficit contributions by an employer has the potential to remove the accounting deficit (in relation to funded LGPS benefits) and create a surplus at a later date, which may not be recoverable. In such cases, our actuary's understanding is that the employer would then need to reflect this unrecoverable future surplus as an onerous obligation in addition to the existing deficit arising from funded and unfunded liabilities.

For the council, payment of the remaining deficit contributions agreed as part of the 2022 actuarial valuation exercise, which are payable until 2039, would more than remove the small accounting deficit in relation to funded LGPS benefits of circa £24m (£46m total deficit once the unfunded liabilities are allowed for). The accounting service cost for 2024/25 onwards is 15.8% of pay, which is lower than the primary contribution rate of 18.3% of pay. Therefore, the deficit contributions could create an unrecognisable surplus at a later date. Our actuaries have recommended that given the council has confirmed it does not recognise a pensions surplus on the balance sheet, in line with IFRIC 14 guidance, the council would need to and has reflected an onerous obligation in its balance sheet.

Note 30 Defined Benefit Pension Schemes continued

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

Liabilities show the underlying commitments that the council has in the long run to pay in retirement benefits.

	Funded Liabilities		Unfunded Liabilities
Reconciliation of the Movements in the Fair Value of Scheme Liabilities 2023/24	**London Borough of Islington Pension Fund £000**	**London Pension Fund Authority £000**	**Discretionary Benefits £000**
Closing Fair Value of Scheme Liabilities as at 31 March 2023	**(1,809,536)**	**(29,098)**	**(34,076)**
Current service costs	(37,262)	(63)	-
Interest cost on pension liabilities	(85,682)	(1,342)	(1,564)
Member contributions	(15,300)	(19)	-
Remeasurement (gains) / losses:			
Actuarial gains and (losses) arising from changes in demographic assumptions	22,992	390	518
Actuarial gains and (losses) arising from changes in financial assumptions	28,852	16	152
Experience gains / (losses)	(14,704)	(91)	(268)
Past service (cost) / gain	(13)	-	-
Gains / (losses) on curtailment	(3,662)	-	-
Benefits / transfers paid	64,338	2,326	3,362
Liabilities extinguished on settlements	-	-	-
Closing Fair Value of Scheme Liabilities as at 31 March 2024	**(1,849,977)**	**(27,881)**	**(31,876)**

	Funded Liabilities		Unfunded Liabilities
Reconciliation of the Movements in the Fair Value of Scheme Liabilities 2022/23	**London Borough of Islington Pension Fund £000**	**London Pension Fund Authority £000**	**Discretionary Benefits £000**
Closing Fair Value of Scheme Liabilities as at 31 March 2022	**(2,544,396)**	**(40,342)**	**(43,662)**
Current service costs	(81,286)	(105)	
Interest cost	(70,688)	(1,018)	(1,176)
Contributions by scheme participants	(14,481)	18	-
Remeasurement (gains) / losses:			
Actuarial gains and (losses) arising from changes in demographic assumptions	-	1,774	555
Actuarial (gains) and losses arising from changes in financial assumptions	1,033,403	10,072	10,216
Experience (gains) / losses	(185,368)	(1,862)	(3,207)
Past service (cost) / gain	(84)	-	-
Gains / (losses) on curtailment	(655)	-	-
Benefits paid	54,019	2,401	3,201
Liabilities extinguished on settlements	-	-	-
Adjustment to opening balance	-	-	(3)
Closing Fair Value of Scheme Liabilities as at 31 March 2023	**(1,809,536)**	**(29,098)**	**(34,076)**

Note 30 Defined Benefit Pension Schemes continued

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

Assets in the funded local government scheme are valued at fair value, principally market value for investments. Discretionary benefits arrangements under the Teachers' Pension Scheme and the Local Government Pension Scheme have no assets to cover the liabilities.

Reconciliation of the Movements in the Fair Value of Scheme Assets 2023/24	Funded Liabilities London Borough of Islington Pension Fund £000	Funded Liabilities London Pension Fund Authority £000	Unfunded Liabilities Discretionary Benefits £000
Closing Fair Value of Scheme Assets as at 31 March 2023	**1,624,446**	**44,157**	**-**
Adjustment to opening balance	**-**	**-**	**-**
Interest Income	78,539	2,066	-
Remeasurement gain / (loss):	-	-	-
The return on plan assets, excluding the amount included in the net interest expense	115,846	1,953	-
Other acturial gains / (losses) on assets	-	-	-
Business combinations	-	-	-
Settlements	-	-	-
Employer contributions	58,292	34	3,362
Member contributions	15,300	19	-
Benefits / transfers paid	(64,338)	(2,326)	(3,362)
Administration expenses	(1,991)	(13)	-
Closing Fair Value of Scheme Assets as at 31 March 2024	**1,826,094**	**45,890**	**-**

Reconciliation of the Movements in the Fair Value of Scheme Assets 2022/23	Funded Liabilities London Borough of Islington Pension Fund £000	Funded Liabilities London Pension Fund Authority £000	Unfunded Liabilities Discretionary Benefits £000
Closing Fair Value of Scheme Assets as at 31 March 2022	**1,671,053**	**54,224**	**-**
Interest Income	46,943	691	-
Remeasurement gain / (loss):			
The return on plan assets, excluding the amount included in the net interest expense	(102,604)	(2,217)	-
Other acturial gains / (losses) on assets	-	166	-
Business combinations	-	-	-
Settlements	-	(6,368)	-
Contributions by the employer	50,466	57	3,201
Contributions by scheme participants	14,481	18	-
Benefits paid	(54,019)	(2,401)	(3,201)
Administration expenses	(1,874)	(16)	-
Adjustment to opening balance	-	3	
Closing Fair Value of Scheme Assets as at 31 March 2023	**1,624,446**	**44,157**	**-**

Note 30 Defined Benefit Pension Schemes continued

Reconciliation of Asset Ceiling

The asset ceiling is the present value of any future cash savings of not having to contribute to the scheme as it is in surplus. The actuary has reduced the surplus on the LPFA scheme to the asset ceiling, and the effect is shown in the table on this page. The asset ceiling has been determined by the actuary by taking the total projected current service cost over the period of expected remaining active membership of the Fund, less any employer contributions certified to be paid until 31 March 2024, discounted at the IAS19 discount rate as at 31 March 2024.

For the London Borough of Islington Pension Fund, there is an onerous obligation or asset ceiling applied for 2023/24 of £38,481k based on actuarial recommendation in view of the level of deficit being likely to move into a surplus position in accordance with IFRIC14.

Reconciliation of Asset Ceiling 2023/24	London Borough of Islington Pension Fund £000	London Pension Fund Authority £000
Closing impact of Asset Ceiling as at 31 March 2023	**-**	**(14,977)**
Interest on Asset Ceiling	-	(719)
Actuarial (loss) / gain	(38,481)	(2,256)
Closing impact of Asset Ceiling as at 31 March 2024	**(38,481)**	**(17,952)**

Reconciliation of Asset Ceiling 2022/23	London Borough of Islington Pension Fund £000	London Pension Fund Authority £000
Closing impact of Asset Ceiling as at 31 March 2022	**-**	**(13,670)**
Interest on Asset Ceiling	-	(355)
Actuarial (loss) / gain	-	(952)
Closing impact of Asset Ceiling as at 31 March 2023	**-**	**(14,977)**

Note 30 Defined Benefit Pension Schemes continued

Local Government Pension Scheme assets

The Fund's assets consist of the following categories:

London Borough of Islington Pension Fund Assets		Quoted	Fair value of scheme assets	
			31 March 2023 £000	31 March 2024 £000
Equities	UK quoted	Y	25,505	15,887
	Private equity	N	9,747	6,574
	Global - North America	Y	428,370	566,093
	Global - Europe	Y	301,987	281,586
	Global - Japan	Y	32,489	36,522
	Global - Pacific (excluding Japan)	Y	32,489	36,522
	Global - Emerging / Other	Y	97,630	65,558
	Sub-total equities		**928,217**	**1,008,742**
Bonds	UK other	Y	136,441	150,640
	Sub-total bonds		**136,441**	**150,640**
Property	UK	Y	231,973	303,864
	Overseas	N	23,392	25,748
	Sub-total property		**255,365**	**329,612**
Alternatives	DGF and Instrastructure	Y	199,971	216,029
	Private Debt	Y	98,117	114,497
	Sub-total Alternatives		**298,088**	**330,526**
Cash	Cash accounts	N	6,335	6,574
	Sub-total cash		**6,335**	**6,574**
Total assets			**1,624,446**	**1,826,094**

London Pension Fund Authority Pension Fund Assets		Fair value of scheme assets			
		31 March 2023 £000	%	31 March 2024 £000	%
Asset Breakdown	Equities	25,968	59%	27,784	61%
	Target Return Portfolio	8,210	19%	7,917	17%
	Infrastructure	5,587	13%	5,272	11%
	Property	4,337	9%	4,198	9%
	Cash	55	0%	719	2%
Total assets		**44,157**	**100%**	**45,890**	**100%**

Note 30 Defined Benefit Pension Schemes continued

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions such as mortality rates and salary levels.

Both the local government pension scheme liabilities and teachers' pensions discretionary benefits liabilities have been assessed by Mercer and Barnett Waddingham, independent firms of actuaries, being based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary are shown in the two tables below:

Mortality assumptions		Funded and Unfunded				Unfunded	
		London Borough of Islington Pension Fund		London Pensions Fund Authority		Discretionary Benefits Teachers Pension Scheme	
		31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024
Longevity at 65 for current pensioners (in years)	Men	21.8	21.8	19.9	19.6	21.8	13.0
	Women	24.1	24.1	23.1	22.8	24.1	14.9
Longevity at 65 for future pensioners (in years)	Men	23.0	23.0	21.5	21.3	n/a	21.4
	Women	25.8	25.8	25.2	24.9	n/a	23.8

Financial assumptions	Funded and Unfunded				Unfunded	
	London Borough of Islington Pension Fund		London Pensions Fund Authority		Discretionary Benefits Teachers Pension Scheme	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024
Rate of inflation	2.7%	2.7%	2.9%	3.40%	2.7%	2.7%
Rate of increase in salaries	4.2%	4.2%	3.9%	3.95%	n/a	n/a
Rate of increase in pensions payment / deferment	2.8%	2.8%	2.9%	2.95%	2.8%	2.7%
Rate of discounting scheme liabilities	4.8%	4.9%	4.8%	4.85%	4.9%	4.9%

Note 30 Defined Benefit Pension Schemes continued

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table on the previous page. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women while all 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.

	London Borough of Islington Pension Fund		London Pensions Fund Authority	
Assumption	Change in assumption	Impact on the defined benefit obligation £000	Change in assumption	Impact on the defined benefit obligation £000
Longevity	Decrease by 1 year	(43,705)	Decrease by 1 year	(1,763)
Rate of inflation	Decrease by 0.25%	(71,432)	Decrease by 0.5%	(1,264)
Rate of increase in salaries	Increase by 0.25%	7,817	Increase by 0.5%	33
Rate of increase in pensions	Increase by 0.25%	71,432	Increase by 0.5%	1,364
Rate for discounting scheme liabilities	Increase by 0.5%	135,083	Increase by 0.5%	1,378

Note 30 Defined Benefit Pension Schemes continued

Impact of the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The triennial valuation was completed on 31 March 2022. The council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 17 years. Funding levels are monitored on an annual basis.

The council expects to pay a total of £42,925k in contributions to the Local Government Pension Scheme administered by Islington Council and that administered by the LPFA in 2024/25.

The duration of the defined benefit obligation for scheme members within the LGPS administered by Islington Council is 17 years in 2023/24 (17 years in 2022/23), and within the LPFA administered scheme it is 10 years in 2023/24 (10 years in 2022/23).

The authority is exposed to a number of risks:

Local Government Pension Scheme administered by Islington Council

- **Investment risk**. The Fund's primary risk is that assets fall short of liabilities in the long-term and as a result it is not able to honour promised benefits to members. The Fund has identified the investment risk inherent in the predominantly equity-based strategy, as its biggest risk. The Investment Strategy adopted by the Pensions Committee to mitigate this risk includes a diversified asset allocation to include property, private equity and bonds. The equity portfolio is diversified by region and company holdings. The committee monitors regularly by performance benchmark and reviews strategies as markets evolve.
- **Price Risk**. The Fund quantifies prices risk by observing the potential market movement on the riskier assets and possible change in valuation.
- **Currency risk**. Overseas equities held by the Fund are currently 50-75% hedged hence mitigating any volatility in the major currencies of the dollar, yen and euro. 75% of the overseas equities are in the basket of the passive currency overlay hedge.
- **Other risks**.
    - Actions taken by the government, or changes to European legislation, could result in stronger local funding standards, which could materially affect the authority's cash flow.
    - There is a risk that changes in the assumptions (e.g. life expectancy, price inflation, discount rate) could increase the defined benefit obligation and/or the liabilities for actuarial valuation purposes

Note 30 Defined Benefit Pension Schemes continued

Local Government Pension Scheme administered by the London Pension Fund Authority

- **Investment risk**. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- **Interest rate risk**. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- **Inflation risk**. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- **Longevity risk**. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the London Pension Fund Authority Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

Note 31 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

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

The Scheme is technically 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 2023/24 the council paid £12.1m to Teacher's Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2022/23 were £12.0m and 23.68%, respectively. The contribution rate is 28.68% for 2024/25. In addition, the council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2023/24 these amounted to £0.9m (£0.9m in 2022/23).

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

NHS Pension Scheme

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

The scheme is an unfunded defined benefit scheme. However, the council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2023/24, £107k was payable by the council to the NHS Pension Scheme in respect of former NHS staff retirement benefits, representing an average rate of 14.38% of pensionable pay. The figures for 2022/23 were £193k and 14.38%, respectively.

Note 32 Related Party Transactions

The authority is required to disclose material transactions with related parties – entities (organisations) or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the authority.

UK Central Government

The UK English government has significant influence over the general operations of the council – it is responsible for providing the statutory framework within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. council tax bills, housing benefits etc.).

Grants from government departments accounted for in 2023/24 and grant balances held in receipts in advance are shown in notes 6 and 25.

Members and Chief Officers

Members of the council and chief officers have direct control over the council's financial and operating policies and they are required to act in accordance with the council's procedures for preventing undue influence. The total of members allowances paid in 2023/24 is reported in Note 9.

The related parties disclosure note has been prepared using declarations of interest completed by members and chief officers. Details of each member's declaration of interests can be viewed on the council's website.

There are a number of organisations which are independent from the council but have an impact on its service areas. In order that the council can maintain effective partnerships with a number of these organisations, representatives of the council, usually elected councillors, sit on the various committees, boards and forums that are responsible for them. Details of these appointments are available on the council's website.

In addition to the above, many members and chief officers have relationships or hold positions with other public bodies and voluntary organisations, e.g. schools, with which the council does not have a financially material relationship, but with which the council has a non-financial or influential relationship.

Pension Fund

The council is the administering authority of the Islington Pension Fund. The council charged the Pension Fund £1,520k in 2023/24 (£1,438k in 2022/23) for expenses incurred in administering the Pension Fund included within the Statement of Accounts. Employer contributions are disclosed in the Pension Fund.

Note 32 Related Party Transactions continued

Related Parties		Income 2023/24	Expenditure 2023/24	Amounts owed (by)/to Islington Council 31 March 2024
Organisation	**Nature of Relationship**	**£000**	**£000**	**£000**
Various Organisations				
Voluntary organisations, charities and community groups	Members and senior officers are involved in the management of voluntary organisations, charities and community groups which transact with Islington Council.	(355)	1,097	219
Housing Associations	One member is employed as a manager for a housing association which transacts with Islington Council.	(15)	18	18
Universities, Colleges & Schools	Members and their close family members are employed or involved in the management of universities, colleges or schools which transact with Islington Council.	(2,333)	1,415	1,552
Other Public Bodies				
NHS Organisations	Members and their close family members are involved in the management of or are employed by NHS organisations which transact with the council. Note 11 Pooled Budgets shows the transactions and balances relating to partnerships with local NHS bodies under Section 75 of the National Health Service Act 2006 (Pooled Budgets).	(2,068)	(93)	(2,499)
Local Authorities	Islington Council transacts with other local authorities – including Camden Council, City of London Corporation, Greater London Authority and Barking and Dagenham Council.	(14,428)	159,306	11,023
North London Waste Authority	Two members participate as board members of this organisation which transacts with Islington Council.	(799)	8,203	2,625
Other Public Bodies	Members and senior officers hold positions of influence in public organisations which transact with Islington Council.	(65)	47	(4)
Entities Controlled or Influenced by the Authority				
Transform Islington	Transform Islington has a number of design, build, finance and operate contracts with LBI lasting 25 years. LBI holds a 10% shareholder rights in Transform Islington. A Deputy Director of Finance holds a directorship in this organisation on behalf of the council.	-	17,332	(52)
Angel Business Improvement District	One member is a Director (unpaid) on the board of the Angel Business Improvement District located in Angel. Islington Council facilitates the collection of the BID levy annually on behalf of the BID. The BID levy is not included in this table.	(304)	583	184
Lee Valley Regional Park Authority	One member is a Council appointed representative (unpaid) for this organisation. Islington Council partly funds this organisation through an annual levy payment.	-	191	-
Subsidiaries	Islington Ltd (ICO) is a wholly owned subsidiary of Islington Council. Two Executive Directors for the ICO are Islington Council Chief Officers. One member is a Director of this organisation.	(103)	68	1,296

Note 32 Related Party Transactions continued

Related Parties		Income 2023/24	Expenditure 2023/24	Amounts owed (by)/to Islington Council 31 March 2024
Other Related Parties				
Private companies	One member is involved with a limited company which has financial transactions with Islington Council.	(2)	42	-
Islington Council Pension Fund	As the administrator of the Pension Fund, Islington Council has direct control of the Pension Fund. The council charged the Pension Fund £1.5m for administration expenses. Pension costs owed to the Pension Fund by the council total £1.9m. Employer contributions are disclosed in detail in the Pension Fund accounts therefore are excluded from this table.	(1,524)	4,775	(377)

Note 33 Contingent Liabilities

Legal claims pending settlement

There are 24 outstanding employment tribunal claims and 50 Special Educational Needs claims where the council is the Respondent. The estimated maximum potential liability for these outstanding claims is £571k (employment claims) and £1,980k (education claim).

There is one claim arising out of the council's duties towards children and adults with a maximum potential liability estimated at £30k.

In addition, the council is involved in a number of historic child abuse and other cases which are being dealt with by its insurers.

The council has a potential liability pending possible adjudication proceedings in relation to a Design and Build contract. At the Balance Sheet date, the value was unknown.

Support Payment Scheme

On 14 October 2021, the council's Executive approved a Support Payment Scheme (SPS) for persons who suffered emotional, physical, and sexual abuse whilst resident in the council's children's homes from 1966 to 1995.

The SPS enables abuse survivors to receive a financial support payment of £10k without having to bring a civil compensation claim. It has been designed to enable eligible applicants to receive a payment more quickly than having to go through the trauma of a lengthy civil compensation claims process.

The scheme opened on 31 May 2022. As at 31 March 2024 the council had distributed £2,755k of support payments (£1,470k in 2022/23 and £1,285k in 2023/24). The scheme closed to new applications on 31 May 2024 and residual support payments are expected to be made during 2024/25. Based on the April 2024 scheme update report, the latest best estimate of the potential liability for support payments in 2024/25 is £780k. This contingent on all the outstanding applications meeting the scheme criteria following their assessment. The cost of the residual support payments in 2024/25 will be funded from earmarked reserves.

Termination Benefits

The cost of termination benefits in 2023/24 is detailed in Note 8. Further reductions to the council's workforce may take place over the medium term to deliver savings agreed as at 31 March 2024. The costs of terminating employment contracts in the future cannot be reliably estimated. This will depend on a number of factors related to the individuals concerned, such as grade, length of service and age.

Guarantees given

Islington Council is the sole guarantor of its subsidiary trading account, Islington Ltd (ICo). Islington Ltd has a board consisting of 3 members, who are members and officers of the council. ICo falls under the small companies rules (Sections 475 and 477-479 of the Companies Act 2006) and as such, with the council as its guarantor, the company is exempt from an audit of its accounts. In ICo's financial statements for 2022/23, the company's net assets as at 31 March 2023 totalled £157k.

Contingent Assets

None known.

Note 34 Events after the Balance Sheet date

The draft Statement of Accounts 2023/24 was authorised for issue on 30 May 2024 by David Hodgkinson, Corporate Director of Resources. Events taking place after this date are not reflected in the financial statements or notes.

The CIPFA Code of Practice stipulates that events after 31 March 2024 must be properly reflected in the statement of accounts up to the date that the statement is authorised for issue. There are two types of event:

- adjusting events: those that provide evidence of conditions that existed at the Balance Sheet date – where material, the statement of accounts must be amended to reflect the impact of these events.

- non-adjusting events: those that are indicative of conditions that arose after the Balance Sheet date – the statement of accounts are not amended to reflect these events, but additional explanatory notes may be added.

The council has not identified any material adjusting or non-adjusting events after 31 March 2024 up to the date the statement was authorised for issue.

Note 35 Third party funds

The council does not act as sole trustee or custodian trustee for any trust funds, nor is it a trustee for any other funds. However, the council is responsible for the administration of a number of third-party funds. These funds do not represent assets of the council and, therefore, have not been included in the council's Balance Sheet. These funds totalled £22,898k as at 31 March 2024 (£29,495k as at 31 March 2023) and mainly relate to money held for vulnerable individuals living in their own homes or in residential homes.

Supplementary Accounts and Notes

Housing Revenue Account

Income and Expenditure Statement for the Housing Revenue Account

This account records income and expenditure relating to the council's housing stock.

2022/23 £000	Housing Revenue Account Income and Expenditure Statement	2023/24 £000
	Income	
(168,276)	Dwellings rents (gross)	(182,192)
(1,173)	Non-dwellings rents (gross)	(1,973)
(47,092)	Charges for services & facilities	(58,489)
(816)	Transfers from General Fund - Communal Use	-
(11,021)	PFI Government grant receivable	(6,233)
(267)	Contributions towards expenditure	(679)
(1,603)	Other income	(1,631)
(230,248)	**Total Income**	**(251,197)**
	Expenditure	
43,683	Repairs and maintenance	51,208
130,407	Supervision and management	129,728
1,513	Rents, rates, taxes and other charges	1,500
35,209	Depreciation of non-current assets	36,000
78,082	Gain or loss on revaluation of non-current assets	48,488
-	Debt Management Costs	96
288,894	**Total Expenditure**	**267,020**
58,646	**Net (income) / expenditure of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement**	**15,822**
1,968	HRA share of Corporate and Democratic Core	799
60,614	**Net Expenditure on HRA services**	**16,621**
	HRA share of the operating income and expenditure included in the whole authority Comprehensive Income and Expenditure Statement:	
(15,509)	Gain or loss on sale of Property, Plant & Equipment	(227)
(94)	Gain or loss on sale of Investment Properties	(86)
(2,052)	Gain or loss on revaluation of Investment Properties	149
18,145	Interest payable and similar charges	19,236
1,287	Movement in the allowance for bad debts	2,046
(29,449)	Capital grants and .contributions receivable	(26,829)
(1,031)	Interest and investment income	(2,174)
31,911	**(Surplus) / deficit for the year on HRA services**	**8,737**

Statement of Movement on the Housing Revenue Account Balance

This statement provides a reconciliation between the HRA Income and Expenditure Statement and the movement on the HRA Balance.

2022/23 £000	Movement on the HRA Statement	2023/24 £000
(17,521)	**Balance on the HRA at the end of the previous year**	**(17,521)**
31,911	(Surplus) or Deficit for year on the HRA Income and Expenditure Statement	8,737
(5,178)	Adjustments between accounting basis and funding basis under statute	(21,403)
26,733	**Net (increase) or decrease before transfers to or from reserves**	**(12,666)**
(26,733)	Transfers to / (from) earmarked reserves	12,666
-	**(Increase) or decrease in year on the HRA**	**-**
(17,521)	**Balance on the HRA at the end of the current year:**	**(17,621)**

The table below details the adjustments between accounting basis and funding basis under statute reported in the above table.

2022/23 £000	Note on Reconciling Items for the HRA Balance	2023/24 £000
	Adjustments between accounting basis and funding basis under statute	
29,449	Capital grants and contributions applied	26,829
(35,209)	Transfer from Capital Adjustment Account equivalent to depreciation	(36,000)
(78,082)	Gain or loss on revaluation of council dwellings	(48,488)
2,052	Gain or loss on revaluation of investment properties	(149)
15,509	Gain or loss on sale of HRA non-current assets	227
(205)	Capital receipts funding of disposal costs	(143)
19,776	Capital expenditure funded by the HRA	56
(5,217)	Revenue Expenditure Funded from Capital Under Statute (REFCuS)	(1,066)
35,209	Transfers to / (from) Major Repairs Reserve	36,000
804	Repayment of PFI / lease liabilities	463
(14,661)	Reversal of charges made for retirement benefits in accordance with IAS 19	(6,757)
25,588	Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	7,494
(191)	Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements	131
	Transfer to / from earmarked reserves	
(1,868)	Transfer to/(from) Tenants' Heating & Hot Water Reserve	-
(24,865)	Transfer to /(from) HRA Risk Equalisation Reserve	12,666
(31,911)	**Net additional amount required by statute to be debited or credited to the HRA Balance for the year**	**(8,737)**

Notes to the Housing Revenue Account

Note 1 Number and Types of Dwellings

The number and types of dwellings in the council's housing stock are shown below.

31 March 2023 *Numbers*	Housing stock numbers	31 March 2024 *Numbers*
22,929	Flats	23,029
2,499	Houses	2,499
25,428	**Total**	**25,528**

Note 2 Value of Dwellings

The value of Council Dwellings as at 31 March 2024 was £3,296,336k. The basis of the valuation for these dwellings is 'Existing Use Value for Social Housing' based on the vacant possession value of the properties, adjusted to reflect the occupation by a secure tenant. The vacant possession factor remained at 25% in 2023/24 giving a vacant possession value of £13,185,320k as at 31 March 2024. This shows the economic cost to the government of providing social housing at less than open market rents.

31 March 2023 £000	Housing Stock - Value	31 March 2024 £000
	Operational Assets	
3,430,322	Council dwellings	3,296,336
	Other Assets	
27,823	Other land and buildings	29,485
21,119	Infrastructure assets	21,680
2,523	Vehicles, plant and equipment	2,278
6,634	Surplus non-operational assets	6,825
2	Community assets	2
4,808	Investment properties	4,675
74,839	Assets under construction	106,428
1,439	Assets held for sale	868
3,569,509	**Total**	**3,468,577**

Note 3 Major Repairs Reserve

2022/23 £000	Major Repairs Reserve	2023/24 £000
(4,201)	**Balance as at 1 April**	**(921)**
(35,208)	Transfer from HRA equivalent to HRA depreciation	(36,000)
38,488	Capital expenditure on dwellings	20,225
(921)	**Balance as at 31 March**	**(16,696)**

Note 4 Capital Expenditure and Capital Receipts

The council spent £135,561k on the housing stock in 2023/24 (£116,382k in 2022/23). There was a further £1,065k spent on REFCuS activity in 2023/24 (£5,217k spend in 2022/23).

2022/23 £000	HRA Capital Expenditure	2023/24 £000
116,382	Council dwellings and other HRA properties	135,561
5,217	REFCuS	1,066
121,598	**Total**	**136,627**

Restated 2022/23 £000	Capital Expenditure by Funding Source	2023/24 £000
(11,563)	Capital receipts	(20,555)
(30,437)	Capital grants and contributions	(26,749)
(38,490)	Major Repairs Reserve	(20,225)
(19,776)	Direct revenue contributions	(56)
(21,332)	HRA borrowing	(69,042)
(121,598)	**Total**	**(136,627)**

HRA capital receipts received in 2023/24 amounted to £20,728k. Following the DLUHC letter of 31 March 2023 that local authorities could retain 100% of RTB receipts for 2022/23 and 2023/24, there is no pooling of capital receipts payment to the government.

Note 5 Depreciation

2022/23 £000	Depreciation	2023/24 £000
32,537	Council dwellings	33,139
414	Other land & buildings	444
1,445	Infrastructure assets	1,571
813	Vehicles, plant and equipment	845
35,209	**Total Depreciation**	**36,000**

Note 6 Contribution to Pension Reserve

The HRA share of the contribution to the Pension Reserve in 2023/24 was £737k (£9.1m in 2022/23).

Note 7 Rent Arrears

Outstanding rent arrears as at 31 March 2024 were £12,724k (£12,786k as at 31 March 2023). During 2023/24, irrecoverable rent arrears of £943k were written off. The cumulative bad debt provision for rent arrears within the HRA account is £8,880k.

2022/23 £000	Rent Arrears	2023/24 £000
8,043	Current tenants	8,011
4,743	Former tenants	4,713
12,786	**Total**	**12,724**

Collection Fund

Income and Expenditure Statement

The Collection Fund fulfils the statutory requirement for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of council tax and National Non-Domestic Rates (NNDR). Collection Fund expenditure for both council tax and NNDR was set (per regulations) as part of the 2023/24 budget setting process.

2022/23				2023/24		
Council Tax £000	National Non-Domestic Rates £000	Total £000	**Collection Fund Income and Expenditure Account**	Council Tax £000	National Non-Domestic Rates £000	Total £000
			Income			
(141,849)	(266,270)	**(408,119)**	Income collectable from taxpayers	(149,785)	(276,898)	**(426,683)**
-	(8,049)	**(8,049)**	Business Rate Supplement Income	-	(8,119)	**(8,119)**
-	590	**590**	Transitional Relief	-	(4,185)	**(4,185)**
(141,849)	**(273,729)**	**(415,578)**	**Total Income**	**(149,785)**	**(289,203)**	**(438,987)**
			Expenditure			
			Precepts, Payments and Demands			
105,406	73,729	**179,135**	London Borough of Islington	113,018	74,818	**187,836**
20	-	**20**	Lloyd Garden Square	22	-	**22**
31,718	90,932	**122,650**	Greater London Authority	35,548	92,275	**127,823**
-	7,859	**7,859**	Business Rates Supplement Payments	-	8,012	**8,012**
-	81,101	**81,101**	Central Government	-	82,299	**82,299**
			Collection and Administration Costs			
-	721	**721**	Costs of Collection Allowance	-	689	**689**
-	190	**190**	Business Rates Supplement Administrative Costs	-	107	**107**
			Other Transfers to the General Fund			
-	102	**102**	Renewable Energy Schemes	-	-	**-**
			Contributions / Share of Prior Year Surplus / (Deficits)			
1,088	(23,849)	**(22,761)**	London Borough of Islington	3,333	6,381	**9,714**
316	(29,414)	**(29,098)**	Greater London Authority	1,016	7,870	**8,886**
-	(26,233)	**(26,233)**	Central Government	-	7,018	**7,018**
			Write-Offs and Allowances			
63	135	**198**	Current Year Write-Offs	81	977	**1,058**
-	(1,219)	**(1,219)**	Allowance for Appeals	-	688	**688**
3,693	2,070	**5,763**	Allowance for Non-Collection	1,591	1,204	**2,795**
142,304	**176,124**	**318,428**	**Total Expenditure**	**154,609**	**282,339**	**436,948**
455	**(97,607)**	**(97,150)**	**(Surplus) / Deficit for the Year**	**4,824**	**(6,864)**	**(2,040)**

Collection Fund Income and Expenditure Statement continued

2022/23 Council Tax £000	2022/23 National Non-Domestic Rates £000	2022/23 Total £000	Collection Fund Account	2023/24 Council Tax £000	2023/24 National Non-Domestic Rates £000	2023/24 Total £000
(3,370)	63,730	**60,360**	(Surplus) / Deficit brought forward	(2,916)	(33,877)	**(36,793)**
454	(97,607)	**(97,153)**	(Surplus) / Deficit for the year	4,824	(6,864)	**(2,040)**
(2,916)	**(33,877)**	**(36,793)**	**Collection Fund (Surplus) / Deficit carried forward**	**1,908**	**(40,741)**	**(38,833)**

2022/23 Council Tax £000	2022/23 National Non-Domestic Rates £000	2022/23 Total £000	Share of (Surplus)/Deficit	2023/24 Council Tax £000	2023/24 National Non-Domestic Rates £000	2023/24 Total £000
(2,228)	(10,163)	**(12,391)**	London Borough of Islington	1,459	(12,222)	**(10,763)**
(688)	(12,535)	**(13,223)**	Greater London Authority	449	(15,074)	**(14,625)**
-	(11,179)	**(11,179)**	Central Government	-	(13,445)	**(13,445)**
(2,916)	**(33,877)**	**(36,793)**	**Total Collection Fund (Surplus) / Deficit carried forward**	**1,908**	**(40,741)**	**(38,833)**

Notes to the Collection Fund Statement

Note 1 Council Tax

2022/23 £000	Council Tax Income	2023/24 £000
(203,949)	Gross Council Tax Payable	(217,945)
	Less:	-
12,570	Exemptions	16,154
71	Disabled Relief	86
18,365	Discounts	19,205
31,094	Council Tax Support	32,716
(141,849)	**Total Income collectable from taxpayers**	**(149,785)**

Note 2 Council Tax Base

The 2023/24 council tax base was 81,882 equivalent Band D properties (80,178 in 2022/23), which was used to calculate the Band D council tax of £1,814.39 (excluding Lloyd Square Garden area). The table below shows the number of properties in each band and the number of Band D equivalent properties after allowing for non-collection.

Band	Chargeable Number of Dwellings	Band Ratio	2023/24 Band D Number of dwellings	2022/23 Band D Number of dwellings
A	2,267	0.667	1,511	1,427
B	3,358	0.778	2,612	2,557
C	17,925	0.889	15,933	15,548
D	22,911	1.000	22,911	22,607
E	14,528	1.222	17,755	17,304
F	7,866	1.444	11,362	11,060
G	6,343	1.667	10,572	10,417
H	879	2.000	1,758	1,738
Total Number of Chargeable Dwellings	**76,077**			
Total Band D Equivalents Dwellings			**84,415**	**82,658**
Budgeted Collection Rate			97.00%	97.00%
Council Tax Base			**81,882**	**80,178**

Note 3 National Non-Domestic Rates (NNDR)

The council collects NNDR for the local authority area based on commercial property rateable values set by the Valuation Office Agency, multiplied by the business rates multiplier set nationally by government. The total rateable value as at 31 March 2024 was £698m (£694m as at 31 March 2023). The standard multiplier for 2023/24 was 51.2p (unchanged from 2022/23), and the small business multiplier for 2023/24 was 49.9p (unchanged from 2022/23).

2022/23 £000	National Non-Domestic Rates (NNDR)	2023/24 £000
(358,145)	**Gross Rates Payable**	(357,097)
	Less:	
7,687	NNDR Payable in respect of previous years	8,055
(590)	Transitional Protection Payments	4,185
25,174	Mandatory Relief	25,086
13,344	Unoccupied Property Relief	12,516
20,139	Retail, Hospitality and Leisure Relief	20,449
16,184	Covid19 Additional Relief Fund	(41)
8,705	Small Business Rate Relief	8,127
66	Supporting Small Business Relief	762
7	Pub Relief	3
1,159	Discretionary Relief	1,057
91,875	**Total Reliefs and Adjustments**	**80,199**
(266,270)	**Net Rates Payable After Reliefs and adjustments**	**(276,898)**

Note 4 Business Rates Supplement (BRS) - Crossrail

The BRS is levied by the Greater London Authority on non-domestic properties with a rateable value of £70,001 or more. The aggregate rateable value of properties liable for BRS on 31 March 2024 was £503m (£527m at 31 March 2023). The multiplier for the year was 2.0p, giving a possible BRS income of £10.1m. After allowable adjustments, the collectable income from BRS payers for 2023/24 was £8.119m (£8.049m in 2022/23). The £8.012m (£7.859m in 2022/23) payable to the Greater London Authority is net of £0.1m collection costs and other adjustments retained by the council.

2022/23 £000	Business Rates Supplement (Crossrail)	2023/24 £000
(8,049)	**Business Rate Supplement due at year-end**	**(8,119)**
	Less allowances and adjustments:	
172	Losses in collection	90
(7,877)	**Income due from Business Ratepayers after losses in collection**	**(8,029)**
18	*Less Costs of Collection*	17
(7,859)	**Total Income due from Business Ratepayers**	**(8,012)**

Note 5 Collection Fund Share of (Surplus)/Deficit

Any surplus or deficit within the Collection Fund is shared between the billing authority (the council) and preceptors.

The council tax apportionment of council tax income between the council and the Greater London Authority is pro-rata to the share of total council tax in the relevant billing year. In 2023/24, the council share of council tax at Band D level is 76.1% and the Greater London Authority share is 23.9%.

Non-domestic rates is shared between the council (30%), the Greater London Authority (37%) and central government (33%).

Pension Fund Accounts

Fund Account

2022/23 £000	Pension Fund Account	2023/24 £000	Note
	Contributions receivable		
33,032	Employer contributions	47,428	7a
20,591	Deficit recovery contributions	14,861	7a
15,618	Members contributions	16,574	7b
7,866	Transfers in from other pension funds	11,152	8
2,382	Other Income	2,413	9
79,489	**Total Income**	**92,428**	
	Benefits payable		
(54,275)	Pensions	(60,443)	10
(10,860)	Lump sum benefits	(13,975)	10
(2,218)	Payment to and on account of leavers	(6,188)	11
(67,353)	**Total Expenditure**	**(80,606)**	
12,136	**Net additions / (withdrawals) from dealing with members**	**11,822**	
(12,219)	Management Expenses	(10,929)	12
(83)	**Net additions / (withdrawals) including fund management expenses**	**893**	
	Net Returns on Investments		
26,154	Investment income	35,985	13
(74,094)	Change in market value (realised and unrealised)	175,772	
(47,940)	**Total Returns on Investments**	**211,757**	
(48,023)	Net increase / (decrease) in fund in year	212,650	
1,787,360	**Opening net assets of the scheme**	**1,739,337**	
1,739,337	**Closing net assets of the scheme**	**1,951,987**	

Net Assets Statement

31 March 2023 £000	Net Assets Statement	31 March 2024 £000	Note
	Investments		
1,703,621	Investment assets	1,911,015	14
33,004	Other Investments and Cash	23,867	14
1,736,625	**Total Investments**	**1,934,881**	
	Current Assets and Liabilities		
5,421	Current assets	19,894	16
(2,709)	Current liabilities	(2,788)	17
1,739,337	**Net assets of the scheme *available to fund benefits* at 31 March**	**1,951,987**	

Notes to the Pensions Account

The accounts summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year.

The actuarial position of the scheme, which does take account of such obligations, is dealt with in the statement by the actuary included in the annual report and these financial statements should be read in conjunction with it.

Note 1 Description of the Fund

The principal purpose of the Islington Council Pension Fund is to provide pensions for its employees (other than teachers who have their own national fund) under the Local Government Pension Scheme.

The Pension Fund is a defined benefit scheme administered by Islington Council, built up from contributions paid by both employees and the council, together with interest and dividends received from the Fund's investments, out of which pensions and other benefits are paid. Government Regulations fix employees' contributions to the Fund and the extent of benefits paid out. An independent actuary assesses the council's contribution rate every three years.

Note 1 Description of the Fund continued

a) General

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

- the 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.

The council has delegated the investment arrangements of the scheme to the Pensions Committee who decide on the investment policy most suitable to meet the liabilities of the Scheme and the ultimate responsibility for the investment policy lies with it. The Committee is made up of four elected members of the council who each have voting rights, and four observers, representing members of the fund, who do not have voting rights. The Committee reports to the Audit & Risk Committee and has fully delegated authority to make investment decisions.

The Committee obtains and considers advice from the Corporate Director of Resources, as necessary from the Pension Fund's appointed actuary (including specific investment advice), investment managers and investment advisers.

Investment managers manage the investment portfolio. The fund has two private equity fund managers, Pantheon Ventures (total commitments £36.99m), and Standard Life (total commitments £49.93m).

The fund has one fund of funds private global property manager, Franklin Templeton Fund I, II and III (total commitment £99.0m).

The fund has two Infrastructure managers, Quinbrook Infrastructure (total commitment £51.02m), Quinbrook Net Zero Power (total commitment £80.89m) and Pantheon Access (total commitment £76.16m) and Pantheon GIF IV Feeder (total commitments £78.44m).

The fund also has three Private Debt managers Churchill Middle Market (total commitment £72.3m), Permira Credit Solutions (total commitment £50m) and Crescent Credit Solutions (total commitment £70.36m).

The fund managers have discretion to buy and sell investments within the constraints set by the Pensions Committee. Islington has funds that are managed by the London CIV, (see Note 27). Islington Council is one of the 33 London Boroughs that oversees the operation of London LGPS CIV Ltd. The CIV has been established to facilitate the mandatory pooling of all London pension fund investments, which includes the Islington Pension Fund. A Joint Committee of London Councils representing the shareholders will recommend the appointment of directors to the company and receive reports from the company.

The Investment Strategy Statement, Funding Strategy Statement and Governance Policy Statement for the Fund are available on the council's website.

Power is given in The Local Government Pension Scheme Regulations 2016 (as amended) ("the 2016 Regulations" and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 to admit employees of other organisations to the London Borough of Islington Pension Fund. Details of admitted and scheduled bodies to the fund are detailed on the next page.

Note 1 Description of the Fund continued

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Islington Pension Fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the fund.
- Admitted bodies, which participate in the fund under the terms of an admission agreement between the Fund and the employer.

Admitted bodies include voluntary, charitable, and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Scheduled Body	Admitted Body
St Mary Magdalene Academy	Camden & Islington NHS Foundation Trust
City of London Academy Islington	Braithwaite
The New North Academy	Pleydell
William Tyndale Primary School	NCP Services (Islington South)
St Mary Magdalene Academy: the Courtyard	SSE Contraction Ltd (Islington Lighting)
Elliot Foundation	Brunswick
The Pears Family School	Caterlink
The Bridge School	Caterlink - Pooles
City of London Academy, Highbury Grove	Engie Services Ltd (Cofely Workplace Ltd)
City of London Academy, Highgate Hill	Greenwich Leisure Ltd
The Bridge Satellite Provision	Isledon Arts CIC
The Bridge Integrated Learning Space	Equans E&S Solutions Ltd (Formerly Bouygues)
City of London Primary Academy, Islington	Accent Catering
Hungerford School	CH & CO Group
London Screen Academy	

Administering Authority	Islington Council

Note 1 Description of the Fund continued

c) Fund Membership

Membership of the Fund	Administering Body		Admitted Bodies		Scheduled Bodies		Total	
	2022/23 No's	2023/24 No's	2022/23 No's	2023/24 No's	2022/23 No's	2023/24 No's	2022/23 No's	2023/24 No's
Employees Contributing into the Fund	5,916	5,988	95	137	565	462	6,576	6,587
Pensioners	6,012	6,103	524	541	54	72	6,590	6,716
Widows / Children's Pensions	925	900	68	62	7	5	1,000	967
Deferred Benefits	7,482	7,833	630	616	340	405	8,452	8,854
Total	**20,335**	**20,824**	**1,317**	**1,356**	**966**	**944**	**22,618**	**23,124**

d) Funding

Contributions are credited to the Pension Fund consisting mainly of:

i. Employees' contributions ranging between 5.5% and 12.5% according to the annual earnings band an employee falls in.

ii. Employers' contributions determined by the triennial actuarial review. The last review as at 31 March 2022, effective from 1 April 2023 fixed at 18.3% of pensionable payroll costs phased over 3 years (18.3% in 2022/23).

In common with many other local authorities, the Pension Fund has a deficit.

It was agreed with the actuary that the deficit on past service should be met by separate additional lump sum payments and recovered over nineteen years.

The council made a HRA deficit lump sum payment of £14.285m in 2023/24 to the Pension Fund in advance to fund the deficit following the triennial valuation.

iii. Upgraded Pensions relate to compensation payments (added years) made on redundancy or efficiency grounds, the index-linked increases thereon, and certain non-contributing service, which the council has treated as counting at full length in the payment of benefits. Income is transferred to the Pension Fund from the General Fund to offset these payments.

iv. Contributions are invested and used for the benefit of the Pension Fund. The investment income in the form of dividends, interest and capital realisation is paid into the Fund.

v. Transfers to and from the Fund and other organisations are permitted. Transfers within the local government scheme are on a year for year, day for day basis but in all other transfers the money received from the organisation is used to purchase an amount of reckonable service in the local government scheme.

Note 1 Description of the Fund continued

e) Benefits

i. Benefits provided by the scheme include:

Retirement pensions at normal retirement age.

Other Types of Retirement Pension:

- Redundancy and or Efficiency subject to minimum age condition of 55
- Flexible Retirement subject to minimum age condition of 55
- Ill-Health Retirement subject to approval by the council's medical adviser

ii. Voluntary Scheme Pay, Mandatory Scheme Pay and Lifetime Allowance

Members are entitled to request the Pension Fund pays their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.

iii. Lump sum payments on retirement or death in service, as set out in the table below.

iv. A contributor who voluntarily leaves with less than two year's membership in the scheme will receive a refund of their pension contributions unless they choose to transfer their pension out to another pension scheme.

However, if the contributor was in the scheme before 1 April 2014, and leaves after then and has been in the scheme for three or more months but less than two years, they will have the choice of taking a refund of contributions, having a deferred pension, or transferring their pension out to another pension scheme.

v. Regulations permit the council to charge administration costs and the investment managers' fees to the Fund. Administration costs represent officers' salaries and other expenses for work on scheme administration and investment-related matters and central establishment and computer recharges. The fees paid to the investment managers are their charges for managing the investments of the Fund.

	Service Pre 1 April 2008	Services Post 31 March 2008	Service Post 31 March 2014
Pension	Each year worked is worth 1/80 x pensionable salary	Each year worked is worth 1/60 x pensionable salary	Each year worked is worth 1/49 x pensionable salary
Lump sum	Automatic lump sum of 3 x salary. In addition, 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.	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.

Note 2 Basis of Preparation

The statement of accounts summarises the fund's transactions for the 2023/24 financial year and its positions as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (Updated in 2022/23), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. There are no Code changes affecting pension funds for 2023/24, nor new CIPFA Guidance in 2023/24.

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 future liabilities to pay pensions and other benefits, which fall due after the end of the financial year.

The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 26 basis, is disclosed in Note 19 of these accounts.

The Pension Fund Accounts have been prepared on a going concern basis.

Going concern

Going concern is assessed by management using four key factors as follows:

- Investment returns, diversification, and Net Asset Values
- Cashflow forecasts and liquidity
- Membership trends
- Funding levels and delivery of agreed recovery plans

The period from April 2023 to March 2024 has seen market volatility caused by the impact of the conflict in Ukraine, consequent high energy prices, high interest rates and inflation.

The Fund performance was marginally below customised benchmark over one year period but increased in valuation by £198m.

The Fund is diversified with inflation matching assets and income generation in the short to medium term.

Cashflow forecasts confirm that for the 2023/24 financial year the Fund will not have to sell assets to meet benefit payments.

The Fund is an open fund with active membership and a sturdy level of membership from 2022/23 to 2023/24.

The 2022 valuation results showed a better funding position of 96% compared to 85% in 2019, giving assurance of being able to achieve the funding target of 100% over a 16-year recovery period.

For the reasons set out above, the administering authority is satisfied the Fund is a going concern and the financial statements for 2023/24 have been prepared on this basis accordingly.

Note 3 Summary of Significant Accounting Policies

Fund Account – revenue recognition

A) Contributions

Normal contributions are accounted for on an accruals basis as follows:

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

Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body. Additional employer's contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in year but unpaid will be classed as a current financial asset. Any amount not due until future years are classed as long-term financial assets.

B) Transfers

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. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (Note 8). Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

C) Investment Income

- **Interest income** is recognised in the Fund as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.
- **Dividend Income** - Dividends have been accounted for on an accruals basis. Investment income on overseas investments has been converted into sterling at the rate of exchange on settlement date. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current asset.
- **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.
- **Movement in the net market value of investments** – Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.
- **Foreign Currencies** - Foreign income has been translated into sterling at the date of the transaction. Foreign income due at the year-end has been translated into sterling at the rate ruling as at 31 March 2024.

Fund Account – expense items

D) Benefits Payable

Benefits payable and refund of contributions are brought into the accounts on the basis of valid claims approved during the year. Under the rules of the Fund, retirees receive a lump sum retirement grant in respect of any membership up to 31 March 2009, in addition to their annual pension.

Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose regarding the type or amount of benefit, then these lump sums are accounted for on an accruals basis from the date that the option is exercised. Other benefits are accounted for on the date the member leaves the Fund or on death.

E) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments incurs withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

F) VAT

Input VAT is generally recoverable on all Fund activities.

G) Mandatory Scheme Pays (MSP), Voluntary Scheme Pays (VSP) and lifetime allowance

Members are entitled to request the Pension Fund pays their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.

H) Expenses

Regulations permit the council to charge administration costs and the investment managers' fees to the Fund.

The Code does not require any 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 on accounting for Local Government Pension Scheme Management Costs.

- **Administrative expenses** - All administrative expenses are accounted for on an accrual basis. All staff costs of the pensions administration team are charged direct to the Fund. Associated management, central establishment, computer recharges, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
- **Oversight and governance costs** - All oversight and governance expenses are accounted for on an accrual basis. All staff costs associated with governance and oversight is charged direct to the Fund. Associated management advisory services, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
- **Investment management expenses** - Investment fees are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments.

  Where fees are netted off returns by investment managers, these expenses are adjusted in the change of market value of investments.

  Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account.

The costs of the council's in-house fund management team are also charged to the Fund as well as a proportion of the time spent by officers on investment management activity.

Net Assets Statement

I) Financial assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete as at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 14. Any gains or losses on investment sales arising from changes in the fair 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. 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).

- **Changes in the net market value of investments** (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.
- **Pooled Investment Vehicles** are stated at bid price for funds with bid/offer spreads or single price where there are no bid/offer spreads as provided by the investment manager.
- **Managed funds** and Unit trusts are valued at the price quoted by their respective managers on the last trading day of the year, which is determined by the market value of the underlying investments.
- **Private Equity** is valued using the latest audited valuation and is carried at fair value. This is adjusted for any capital calls/distributions that have taken place since the date of the statement.

Unquoted investments for Private Placements and Infrastructure are priced using discounted cash flow methodology.

J) Foreign currency transactions

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

K) Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Derivative contracts' changes in fair value are included in change in market value. The Fund holds forward exchange contract consisting of an asset and liability.

L) Cash and cash equivalents

Cash comprises cash in hand and demand deposits 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.

M) Loans and receivables

Financial assets classed as amortised cost are carried in the Net Asset Statement at amortised cost, i.e. the outstanding principal receivable as at the year-end date plus accrued interest.

N) Financial liabilities

A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. The Fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the Fund Account as part of the Change in Value of Investments.

Other financial liabilities classed as amortised cost are carried at amortised cost i.e. the amount carried in the Net Asset Statement is the outstanding principal repayable plus accrued interest. Any interest charged is accounted for on an accruals basis and included in administration costs.

O) Stock Lending

The Fund does not participate in stock lending.

P) Additional Voluntary Contributions

Additional Voluntary Contributions (AVCs) paid by scheme members are not included within the accounts as these are managed independently of the Fund by specialist AVC fund providers. This is in accordance with regulation 4 (2) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulation 2016 but are disclosed for information in Note 20.

Q) Actuarial Position

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits that fall due after the end of the scheme year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in the statement by the actuary included in the annual report and these financial statements should be read in conjunction with it.

Note 4 Critical Judgements in Applying Accounting Policies

There were no critical judgements made during 2023/24.

Note 5 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations, however, actual outcomes could be different from the assumptions and estimates made. The items in the Net Asset Statement for which there is a significant risk of material adjustment the following year are as follows:

<table>
<tr><th>Item</th><th>Uncertainties</th><th>Effect if actual results differ from assumptions</th></tr>
<tr>
<td>Actuarial present value of promised retirement benefits.</td>
<td>Estimation of the net liability to pay pensions and the judgements used in these estimations are carried out by the actuary, Mercer.

The significant judgements are in regard to the discount rate used, salary increase projections, and retirement age.</td>
<td>
<table>
<tr><th>Change in assumptions – year ended 31 March 2023</th><th>Approx % change in liabilities</th><th>Approx monetary value £m</th></tr>
<tr><td>0.5% p.a. decrease in discount rate</td><td>8% increase</td><td>£160m increase</td></tr>
<tr><td>0.5% p.a. increase in salary increase rate</td><td><1% increase</td><td>£19m increase</td></tr>
<tr><td>0.5% p.a. increase in inflation / pension increase rate</td><td>8% increase</td><td>£157m increase</td></tr>
<tr><td>1 year increase in member life expectancy</td><td>2% increase</td><td>£45m increase</td></tr>
</table>
</td>
</tr>
<tr>
<td>Private equity Private debt and Infrastructure investments</td>
<td>The Partnership's investments in Portfolio Partnerships are carried at fair value as determined in good faith by the General Partner in accordance with US GAAP.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.</td>
<td>Private equity, private debt and infrastructure investments are valued at £335.2m in the financial statements. These investments were valued as at the 31 March 2024.

These assets have been predicted a sensitivity range of 7.3% –14.2% by the performance analytics (see Note 25b).</td>
</tr>
</table>

Note 5 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty continued

Item	Uncertainties	Effect if actual results differ from assumptions
Property and Pooled Property funds	Valuation techniques are used to determine the carrying amount of pooled property funds. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data.	The total Property Funds are £349.3m (including pooled property). These assets were valued as at 31 March 2024. Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by 4.8% (see Note 25b).

Note 6 Events After the Balance Sheet Date

There have been no events after the reporting date that would have a material impact on these financial statements.

Note 7 Contributions Receivable

a) Employers' Contributions

The following table sets out an analysis of the contributions made by the council and its admitted and scheduled bodies.

Contributions receivable - Employers' contributions	Normal Contributions		Special Contributions		Strain Recovery	
	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000
Administering Authority						
Islington Council *	49,860	54,889	-	-	692	3,532
Scheduled Bodies						
St Mary Magdalene Academy	290	453	-	-	-	-
City of London Academy	164	182	-	-	-	-
The New North Academy	110	115	-	-	-	-
William Tyndale School	153	203	-	-	-	-
The Courtyard School	57	76	-	-	-	-
Elliot Foundation	186	333	-	-	-	-
The Bridge School	656	834	-	-	-	-
The Bridge School Academy	79	102	-	-	-	-
Pears Family School Academy	24	36	-	-	-	-
City of London Academy Highbury Grove	368	455	-	-	-	-
City of London Academy, Highgate Hill	101	134	-	-	-	-
The Bridge Satellite Provision	48	51	-	-	-	-
City of London Primary Academy, Islington	42	47	-	-	-	-
Hungerford School	125	142	-	-	-	-
London Screen Academy	122	202	-	-	-	-
Sub-Total Scheduled Bodies	**2,525**	**3,365**	**-**	**-**	**-**	**-**
Admitted bodies						
Volunteering Matters(CSV)	100	-	-	-	13	-
Camden & Islington NHS Foundation Trust	55	53	-	-	-	-
Braithwaite	7	7	-	-	-	-
Pleydell	33	30	-	-	-	-
NCP Services (Islington South)	-	13	-	-	-	-
SSE Contracting Ltd (Islington Lighting)	-	32	-	-	-	-
Brunswick	30	156	-	-	-	-
Caterlink	151	3	-	-	-	-
Caterlink - Pooles Park	8	96	-	-	-	-
Engie Services Ltd(Balfour Beatty)	92	44	-	-	-	-
Greenwich Leisure Ltd	31	28	-	-	-	-
Isledon Arts CIC	19	4	-	-	-	-
Alliance In Partnership	-	11	-	-	-	-
Equans E&S Solutions Ltd (Formerly Bouygues)	7	26	-	-	-	-
Sub-total Admitted Bodies	**533**	**503**	**-**	**-**	**13**	**-**
Total	**52,918**	**58,757**	**-**	**-**	**705**	**3,532**

*HRA deficit lumpsum contribution of £14.285m is included in Islington Council's 2023/24 normal contributions.

Note 7 Contributions Receivable continued

b) Members' Contributions

The following table sets out an analysis of the contributions made by employees of the council and its admitted and scheduled bodies.

Contributions receivable - Members' contributions	Normal Contributions (including Added Years) 2022/23 £000	2023/24 £000
Administering Authority		
Islington Council	14,529	15,363
Scheduled Bodies		
St Mary Magdalene	122	152
City of London Academy	72	58
The New North Academy	29	28
William Tyndale School	41	47
The Courtyard School	29	32
Elliot Foundation	151	163
The Bridge School	176	211
The Bridge School Academy	37	36
Pears Family School Academy	10	13
City of London Academy Highbury Grove	87	101
City of London Academy, Highgate Hill	50	51
The Bridge Satellite Provision	18	21
City of London Primary Academy, Islington	16	20
Hungerford School	24	26
London Screen Academy	71	95
Sub-Total Scheduled Bodies	**933**	**1,054**
Admitted bodies		
Camden & Islington NHS Foundation Trust	8	7
Braithwaite	2	2
Pleydell	9	9
NCP Services (Islington South)	7	7
SSE Contracting Ltd (Islington Lighting)	5	5
Brunswick	7	9
Caterlink	46	42
Caterlink -Pooles Park	2	1
Engie Ltd (Balfour Beatty)	40	36
Greenwich Leisure Ltd	20	20
Isledon ArtsCIC	9	11
Equans E&S Solutions Ltd (Formerly Bouygues)	1	1
Accent Catering	-	2
CH & CO group (Principal Catering)	-	5
Sub-total Admitted Bodies	**156**	**157**
Total	**15,618**	**16,574**

Note 8 Transfers In

2022/23 £000	Transfers in	2023/24 £000
-	Group transfers in from other schemes	-
7,866	Individual transfers in from other schemes	11,152
7,866	**Total transfers in**	**11,152**

Note 9 Other Income

Other income of £2.413m consists of pension recharges and miscellaneous fees (£2.382m in 2022/23).

Note 10 Benefits

The following table sets out an analysis of the benefits paid to former employees of this council and the scheduled bodies.

Benefits Payable	Pensions		Lump sum benefits		Lump sum death	
	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000
Administering Authority						
Islington Council	50,347	56,162	8,758	11,733	1,381	1,742
Scheduled Bodies						
St Mary Magdalene Academy	44	43	5	-	-	-
City of London Academy	76	86	8	-	-	-
The New North Academy	28	31	-	-	-	-
William Tyndale School	25	17	-	-	97	-
The Courtyard	5	6	-	-	-	-
Tech City (Stem 6th form Academy)	1	1	-	-	-	-
Elliott Foundation Academies	5	10	-	-	-	-
The Bridge School	9	10	-	7	-	23
The Bridge Academy	-	2	-	10	-	-
The Bridge Satellite	-	-	-	17	-	-
Pears Family School Academy	1	1	-	-	-	-
City of London Academy Highbury Grove	32	36	-	-	-	-
City of London Highgate Hill	11	12	-	-	-	-
Clerkenwell	14	30	-	38	-	-
City of London Primary Academy, Islington	-	-	-	-	-	-
Hungerford School	7	8	-	-	-	-
Sub-Total Scheduled Bodies	**258**	**293**	**13**	**72**	**97**	**23**

Note 10 Benefits continued

The following table sets out an analysis of the benefits paid to former employees of the admitted bodies.

Benefits Payable	Pensions		Lump sum benefits		Lump sum death	
	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000
Admitted Bodies						
Volunteering Matters (CSV)	1,306	1,419	-	-	-	-
Aquaterra	229	249	-	-	-	-
CEA	889	950	-	-	-	-
FSST	4	4	-	-	-	-
Kier Islington Ltd (Caxton)	608	630	9	-		-
St Lukes	2	2	-	-	-	-
Redbrick	2	3	-	-	-	-
Circle Anglia	78	83	-	-	-	-
ALA	23	31	-	16	-	-
Notting Hill Trust	16	17	-	-	-	-
Camden & Islington NHS Foundation Trust	104	132	38	93		-
Pleydell	14	15	-	-	-	-
SSE Contracting Ltd (Islington Lighting)	58	52	-	-	-	-
Brunswick	10	11	-	-	-	-
Southern Housing Group	10	11	-	-	-	-
Cushman & Wakefield LLP (Dunlop Haywards)	8	9	-	-	-	-
Mouchel Parkman	34	37	-	-	-	-
Caterlink	49	74	11	103	48	56
Equans Ltd (Balfour Beatty)	37	57	78	84	84	-
Kier Support Services	21	23	-	-	-	-
Breyers	8	8	-	-	-	-
Mears	93	88	315	-	-	-
Greenwich Leisure Ltd	62	78	28	53	-	-
Alliance In Partnership	5	5	-	-	-	-
Sub-total Admitted Bodies	**3,670**	**3,988**	**479**	**349**	**132**	**56**
Totals	**54,275**	**60,443**	**9,250**	**12,154**	**1,610**	**1,821**

Note 11 Payments to and on Account of Leavers

2022/23 £000	Payment to and on Account of Leavers	2023/24 £000
130	Refunds of Contributions	169
2,088	Individual Transfer	6,019
2,218	**Total payments to and on account of leavers**	**6,188**

Note 12 Management Expenses

Management Expenses		2022/23 £000	2023/24 £000
Administrative Costs	Employee Cost	1,438	1,520
	Support services	71	338
	Total Administrative Costs	**1,509**	**1,858**
Investment Management Expenses	Management Fees	10,200	8,647
	Custody Fees	38	45
	Total Investment Management Expenses	**10,238**	**8,692**
Oversight and Governance Costs	Performance Management Services	30	8
	Advisory Services Fees	268	141
	Operation and Support	30	36
	Actuarial Fees	99	109
	Audit Fees	45	85
	Total Oversight and Governance Costs	**472**	**294**
Total Management Expenses		**12,219**	**10,929**

Note 13 Income from Investments

2022/23 £000	Investment return gain / (loss)	2023/24 £000
3,764	UK Equities	(328)
7	Bonds	-
6,406	Global and emerging equities	7,412
-	Private equity	(4)
4,901	Private debt	10,055
5,266	Property	8,622
1,446	Infrastructure	3,008
4,060	Derivatives	6,630
14	Other investments and dividends	(63)
290	Cash	653
26,154	**Net returns on investment**	**35,985**

Note 14 Reconciliation Of Movements in Investments and Derivatives

Investments	Value as at 31 March 2023 £000	Purchases at cost and derivative payments £000	Sale proceeds and derivative receipts £000	Change in market value £000	Value as at 31 March 2024 £000
UK Equities	166	-	-	(166)	(0)
Global active equities	557,482	6,407	(92,060)	88,516	560,345
Multi Asset	45,760	-	(25,000)	1,239	21,999
Global Passive Equities	397,442	-	(171)	87,047	484,318
Fixed interest	77,645	81,676	(82,030)	9,453	86,744
Bonds	68,167	43	(250)	5,058	73,018
Property	248,057	174,908	(94,347)	(6,500)	322,118
Property - Private equities	25,060	5,451	(1,039)	(2,246)	27,227
Private equities	10,501	449	(3,615)	(365)	6,970
Private debt	104,927	27,794	(11,492)	(12)	121,217
Infrastructure - PIV	168,414	87,450	(48,338)	(467)	207,059
Sub-total	**1,703,621**	**384,177**	**(358,340)**	**181,556**	**1,911,015**
Derivatives - Forward FX (including spot FX)	6,709	-	-	(5,784)	925
Sub-total	**1,710,330**	**384,177**	**(358,340)**	**175,772**	**1,911,939**
Other Investments & Cash	26,295	-	-	-	22,941
Total Investments	**1,736,625**	**384,177**	**(358,340)**	**175,772**	**1,934,881**

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year including profits and losses realised on sales of investments during the year. Investments are now valued at bid price.

Note 14(a) Investment Detail

Investment Assets by Type		31 March 2023 £000	31 March 2024 £000
Fixed interest securities (valued at Bid Price)			
Fixed interest securities (valued at Bid Price)		62	61
Total Fixed interest securities		**62**	**61**
Index-linked			
UK public sector quoted		-	-
Total Index-linked		**-**	**-**
Equities (valued at Bid Price)			
UK quoted		166	-
Overseas quoted		-	-
Total Equities		**166**	**-**
Pooled investment vehicles (valued at Bid Price)			
UK Managed Funds	Property	248,057	322,118
	Pooled Multi Asset	45,760	21,999
	Bond	68,105	73,018
	Fixed interest	77,646	86,683
Overseas Managed Funds	Global active equities	557,482	560,345
	Global Passive equities	397,442	484,318
	Private equities	10,501	6,970
	Private equities -Property	25,060	27,227
	Private Debt	104,926	121,217
Infrastructure Investment		168,415	207,059
Total Pooled investment vehicles		**1,703,394**	**1,910,953**
Other investment balances (valued at Amortised cost)			
Outstanding dividends & RWT		265	202
Derivatives - Forward FX		6,709	925
Cash deposits : Sterling		647	8,681
Cash deposits : Other		25,383	14,059
Total Other investment balances		**33,004**	**23,867**
Total Investment Assets		**1,736,626**	**1,934,881**

All fund managers operating the pooled investment vehicles are registered in the United Kingdom.

Note 14(b) Analysis of derivatives

Derivatives are used to hedge liabilities or hedge exposures to reduce risk to the fund. They are also used to gain exposure to an asset more efficiently than holding the underlying asset.

Settlement	Currency Code Purchased	Asset Value £000	Liability Value £000
3 Months	Euros	71	-
	Japanese Yen	212	-
	Pound Sterling	-	(1)
	US Dollars	745	(103)
	Total	**1,029**	**(104)**

Net Forward FX at 31 March 2024	925
Net Forward FX at 31 March 2023	6,709

Note 15 Investments exceeding 5% of net assets

The table below shows the Fund's investments which exceed 5% of net assets. These are all pooled investment vehicles, which are made up of underlying investments each of which represent less than 5%.

Security	Market value 31 March 2023 £000	% of total fund	Market value 31 March 2024 £000	% of total fund
London CIV Pooled - Newton MSCI All Country World	322,581	18.5%	298,162	15%
Aviva Lime Property UK Unit Trust	129,779	7.5%	178,436	9%
Threadneedle Pooled Investment Property AREF IPD All Balanced	90,327	5.2%	121,205	6%
Legal & General Pooled Investment Vehicle	233,378	13.4%	282,234	14%
Pantheon Infrastructure	-	-	111,211	6%
Quinbrook Infrastructure	98,656	5.7%	95,848	5%
London CIV RBC EQ RBC Bmk	166,436	9.6%	192.778	10%
L&G Paris Align Global Passive Equities	164,064	9.4%	202,084	10%

Note 16 Current Assets

31 March 2023 £000	Current Assets	31 March 2024 £000
3,266	Contributions due from Employers and Employees	7,262
27	Sundry Debtors	24
2,128	Cash Balances	12,608
5,421	**Total Current Assets**	**19,894**

Note 17 Current Liabilities

31 March 2023 £000	Current Liabilities	31 March 2024 £000
(169)	Accrued Benefits	42
(865)	Sundry Creditors	(831)
(1,675)	Accrued Expenses	(1,999)
(2,709)	**Total Current liabilities**	**(2,788)**

Note 18 Actuarial Position

Mercer

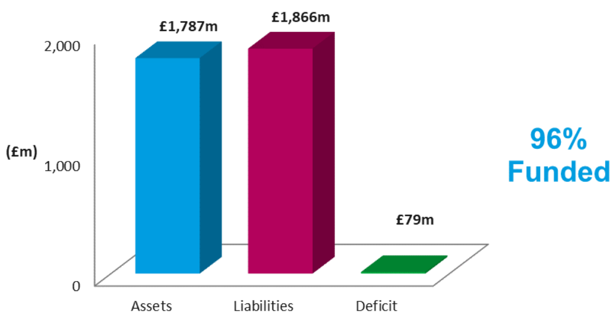
Islington Council Pension Fund

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024 - STATEMENT BY THE CONSULTING ACTUARY

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Islington Council Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the Fund's assets of £1,787 million represented 96% of the Fund's past service liabilities of £1,866 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £79 million.



The valuation also showed that a Primary contribution rate of 18.4% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus, it is may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the 2022 actuarial valuation the average recovery period adopted was 16 years. The total recovery payment (the "Secondary rate" for 2023/26) was, on average, an addition of approximately £5.1m per annum (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2023.

In practice, each individual employer's position is assessed separately, and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate)	4.65% per annum	5.10% per annum
Rate of pay increases (long-term)	4.60% per annum	4.60% per annum
Rate of increases in pensions in payment (in excess of GMP)	3.10% per annum	3.10% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

Note 19 Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2024 (the 31 March 2023 assumptions are included for comparison):

	31 March 2023	31 March 2024
Rate of return on investments (discount rate)	4.8% per annum	4.9% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.7% per annum	2.7% per annum
Rate of pay increases	4.2% per annum	4.2% per annum
Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation	2.8% per annum	2.8% per annum

The demographic assumptions are the same as those used for funding purposes for the 2022 actuarial valuation, but with a long-term rate of life expectancy improvement of 1.5% p.a.

For the year end assumptions, we have also updated to the latest CMI tables available (CMI 2022) and applied a suitable reweighting.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

Start of period liabilities	£1,917m
Interest on liabilities	£91m
Net benefits accrued/paid over the period*	(£12m)
Actuarial (gains)/losses (see below)	(£41m)
End of period liabilities	**£1,955m**

* this includes any increase in liabilities arising as a result of early retirements.

Key factors leading to the actuarial gains above are:

- **Change in financial assumptions**: Corporate bond yields increased significantly over the year, with a corresponding increase in discount rate from 4.8% p.a. to 4.9% p.a. The long-term assumed CPI is the same at the end of year as it was at the start of year. In combination, these factors lead to a small reduction in liabilities.

- **Change in demographic assumptions**: As noted above, the assumptions have been updated to reflect the new CMI model available. This acts to reduce the liabilities.

- **Pension increases / recent high short-term inflation**: The figures allow for the impact of the April 2024 pension increase of 6.7%, to the extent it wasn't allowed for in the 2023 statement, along with known CPI since September 2023 (which will feed into the 2025 pension increase). As inflation over the year was higher than the long-term assumption, this increases the liabilities.

Appendix - additional considerations

- **The "McCloud judgment":** The figures above allow for the impact of the judgment based on the proposed remedy.

- **GMP indexation**: The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

- **Covid 19 / Ukraine / Gaza conflict**: The financial assumptions allow for these factors to the degree that they are reflected in the market values on which the assumptions are based. The mortality assumption includes no specific adjustment for COVID as our view is that it is not possible at this point to draw any meaningful conclusions on the long-term impact.

- **Current high inflation**: The period-end figures above allow for the impact of actual known CPI at the accounting date as noted above. The period-end assumptions then allow for expected (market implied) CPI from that point.

Mark Wilson

Fellow of the Institute and Faculty of Actuaries

Mercer Limited

May 2024

Michelle Doman

Fellow of the Institute and Faculty of Actuaries

Mercer Limited

May 2024

Note 20 Additional Voluntary Contributions

These amounts are not included in the pension fund accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016. Contributions paid by members during 2023/24 totalled £1,196,994.16 and the value of the fund as at 31 March 2024 was £3.112m.

2022/23 *Market Value* **£000**	**Additional Voluntary Contribution**	**2023/24** *Market Value* **£000**
1,685	Prudential	2,861
168	Utmost (formerly Equitable life)	157
73	Phoenix Life (formerly NPI)	56
1,926	**Total Additional Voluntary Contributions**	**3,074**

Note 21 Contingent Assets and Liabilities

There were no contingent assets or liabilities as at 31 March 2024 (no contingent assets or liabilities as at 31 March 2023).

Note 22 Contractual Commitments

The Fund has outstanding commitments totalling £186.1m as at 31 December 2023 (£186.3m as at 31 March 2023).

Three private equity fund managers Pantheon Ventures £4.5m, Standard Life £3.6m and Pantheon GIF IV Feeder £34.3m.

One fund of funds private global property manager, Franklin Templeton Fund I, II and III £25.9m.

The two Infrastructure managers, Quinbrook Infrastructure Partners and Pantheon Access, £42.8m and £7.0m, respectively.

Three Private debt managers Churchill Middle Market £5.8m, Permira Credit Solutions £29.5m and Crescent Credit Solutions £32.6m.

Note 23 Related Parties

Islington Pension Fund is administered by Islington Council. As at 31 March 2024, the Pension Fund is due £0.377m from Islington Council (£0.862 as at 31 March 2023). Full contributions from the council for the year are disclosed in Note 7.

One member of the Pensions Board is in receipt of pensions benefits from Islington Council (Valerie Easmon George) and two members of the Board are active members of the Fund (Mike Calvert and George Shakey). Each member of the Pensions Board and the Pensions Committee is required to declare their interest at each meeting. No other declarations were made during the year.

Note 24 Key Management Personnel

The key management personnel of the Fund are the members of the Pensions Committee, the Corporate Director of Resources, Director of Finance, and the Head of Treasury and Pensions.

2022/23 £000	Key Management Personnel costs	2023/24 £000
(168)	Short-term benefits	(136)
(24)	Post-employment benefits *	(25)
-	Termination benefits	-
(192)	**Total**	**(161)**

*Post-employment benefits are at the state retirement age

Note 25 Risk and Risk Management

The Fund's primary risk is that assets fall short of liabilities in the long-term and as a result not able to honour promised benefits to members. The Fund has identified the investment risk inherent in the predominantly equity-based strategy as its biggest risk.

The Investment Strategy adopted by the Pensions Committee to mitigate this risk includes a diversified asset allocation to include property, private equity and bonds. The equity portfolio is diversified by region and company holdings. The committee monitors managers regularly by performance benchmark and reviews strategies as markets evolve.

25a. Market Risks

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sector and individual securities. To mitigate market risk, the council and the Fund's investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

25b. Price and Currency Risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices other than those arising from interest rate risk or foreign exchange risk, whether those changes are caused by factors specific to the individual instrument or its issuer or by factors affecting all similar instruments in the market.

The Fund is exposed to share and derivative price risk. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the fund investment strategy.

Price risk

In consultation with its investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for 2023/24, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

Asset	Final Market Value as at 31 March 2024 £000	% Change	Value on Increase £000	Value on Decrease £000
UK Equities	64,038,353	6.9%	68,444,986	59,631,720
Overseas Equities	980,931,448	11.3%	1,091,706,205	870,156,691
Total Bonds	159,701,228	10.1%	175,868,341	143,534,115
Pooled Multi Asset	21,999,032	6.7%	23,468,501	20,529,562
Cash	23,620,614	0.8%	23,821,091	23,420,136
Property	349,345,082	4.8%	366,167,362	332,522,803
Infrastructure	207,058,841	14.2%	236,409,807	177,707,875
Private Debt	121,216,603	11.4%	134,992,538	107,440,667
Private Equity	6,969,745	7.3%	7,479,948	6,459,541
Total Assets	**1,934,880,946**	**6.8%**	**2,067,190,936**	**1,802,570,954**

The % change for Total Assets includes the impact of correlation across asset classes

Asset	Final Market Value as at 31 March 2023 £000	% Change	Value on Increase £000	Value on Decrease £000
UK Equities	49,120	13.26%	55,631	42,609
Overseas Equities	905,078	10.74%	1,002,312	807,843
Total Bonds	145,750	5.71%	154,076	137,424
Pooled Multi Asset	45,760	7.43%	49,160	42,361
Cash	33,959	1.32%	34,406	33,511
Property	273,118	4.83%	286,300	259,935
Infrastructure	168,413	10.45%	186,007	150,820
Private Debt	104,927	11.92%	117,433	92,421
Private Equity	10,501	9.32%	11,479	9,522
Total Assets	**1,736,626**	**7.81%**	**1,872,256**	**1,600,996**

Note 25 Risk and Risk Management continued

Currency risk

The overseas equities are currently 50-75% hedged hence mitigating any volatility in the major currencies of the dollar, yen and euro. 75% of the overseas equities are in the basket of the passive currency overlay hedge and as such, the table below shows the aggregate currency exposure to overseas equities. A single outcome exchange rate volatility impact reflects the changes in value.

Asset Class	Final Market Value as at 31 March 2024 £000	% Change	Value on Increase £000	Value on Decrease £000
Overseas Equities	980,931,448	6.8%	1,047,839,758	914,023,138
Overseas Private Equity	6,969,745	6.8%	7,445,144	6,494,346
Overseas Infrastructure	207,058,841	6.8%	221,182,108	192,935,574
Overseas Private Debt	97,455,629	6.8%	104,102,976	90,808,282
Overseas property	27,226,637	6.8%	29,083,737	25,369,537
Total Assets	**1,319,642,300**	**6.8%**	**1,409,653,723**	**1,229,630,877**

Asset Class	Final Market Value as at 31 March 2023 £000	% Change	Value on Increase £000	Value on Decrease £000
Overseas Equities	905,078	7.30%	971,106	839,049
Overseas Private Equity	10,501	7.30%	11,267	9,735
Overseas Infrastructure	168,413	7.30%	180,700	156,127
Overseas Private Debt	104,927	7.30%	112,582	97,272
Overseas property	25,060	7.30%	26,889	23,232
Total Assets	**1,213,979**	7.30%	**1,302,544**	**1,125,415**

Note 25 Risk and Risk Management continued

25c. Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on its investments. The Fund's corporate bond securities and cash are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Pensions Committee and its investment advisors regularly monitor the Fund's interest rate risk exposure during the year via its fund managers and asset allocation.

Interest rate – risk sensitivity analysis

The fund recognises that interest rates can vary and can affect both income to the fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. Fixed interest securities, cash and cash equivalents are exposed to interest rate risk. The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 1%.

Assets Exposed to interest rate risk	Value as at 31 March 2024 £000	Impact of 1% decrease £000	Impact of 1% increase £000
Cash and cash equivalent	36,474	36,109	36,839
Fixed interest securities	61	60	62
Total	**36,535**	**36,169**	**36,901**

Assets Exposed to interest rate risk	Value as at 31 March 2023 £000	Impact of 1% decrease £000	Impact of 1% increase £000
Cash and cash equivalent	35,132	34,781	35,483
Fixed interest securities	62	61	63
Total	**35,194**	**34,842**	**35,546**

Note 25 Risk and Risk Management continued

25d. Credit Risk

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

The selection of high-quality fund managers, counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner. There is a risk that some admitted bodies may not honour their pension obligations with the result that any ensuing deficit might fall upon the Fund. To mitigate this risk, the Fund regularly monitors receipt of contributions and the state of its admitted bodies.

25e. Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pensions Committee monitors cash flows and takes steps to ensure that there are adequate cash resources to meet its commitments.

The Fund has immediate access to its cash holdings. The Fund defines liquid assets as assets that can be converted to cash within three months, subject to normal market conditions.

As at 31 March 2024, liquid assets were £1,571m representing 81% of total fund assets (£1,420m at 31 March 2023 representing 82% of the Fund at that date).

The majority of these investments can in fact be liquidated within a matter of days at a cost.

Note 26 Financial Instruments

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

Categories of financial instrument as at 31 March 2024	Quoted Market Price Level 1 £000	Using Observable Inputs Level 2 £000	With Significant Unobservable inputs Level 3 £000	Total £000
Financial Assets				
Financial assets at fair value through profit and loss				
Equities	-	-	-	-
Global Active equities	560,345	-	-	560,345
Multi Asset	21,999	-	-	21,999
Global Passive Equities	-	484,318	-	484,318
Fixed interest	86,745	-	-	86,745
Bonds	-	73,018	-	73,018
Property	-	322,118	-	322,118
Property - Private equities	-	-	27,227	27,227
Infrastructure	-	-	207,059	207,059
Private equities	-	-	6,970	6,970
Private Debt	-	-	121,217	121,217
Derivatives	-	-	925	925
Cash	22,708	-	-	22,708
Other investments / Dividends	233	-		233
Loans and Receivables	12,608	-	-	12,608
Total Financial Assets	**704,638**	**879,412**	**363,398**	**1,947,448**
Financial Liabilities				
Financial liabilities at fair value through profit and loss	-	-	-	-
Financial liabilities at amortised cost	-	(42)	-	(42)
Total Financial Liabilities	**-**	**(42)**	**-**	**(42)**
Net Financial Assets	**704,638**	**879,412**	**363,398**	**1,947,448**

Note 26 Financial Instruments continued

Categories of financial instrument as at 31 March 2023	Quoted Market Price Level 1 £000	Using Observable Inputs Level 2 £000	With Significant Unobservable inputs Level 3 £000	Total £000
Financial Assets				
Financial assets at fair value through profit and loss				
Equities	166	-	-	166
Global Active equities	557,482	-	-	557,482
Multi Asset	45,760	-	-	45,760
Global Passive Equities	-	397,443	-	397,443
Fixed interest	77,646	-	-	77,646
Bonds	-	68,167	-	68,167
Property	-	248,056	-	248,056
Property - Private equities	-	-	25,060	25,060
Infrastructure	-	-	168,413	168,413
Private equities	-	-	10,501	10,501
Private debt	-	-	104,927	104,927
Derivatives	-	-	6,709	6,709
Cash	26,030	-	-	26,030
Other investments / Dividends	265	-	-	265
Loans and Receivables	2,128	-	-	2,128
Total Financial Assets	**709,477**	**713,666**	**315,610**	**1,738,753**
Financial Liabilities				
Financial liabilities at fair value through profit and loss	-	-	-	-
Financial liabilities at amortised cost	-	(168)	-	(168)
Total Financial Liabilities	**-**	**(168)**	**-**	**(168)**
Net Financial Assets	**709,477**	**713,498**	**315,610**	**1,738,585**

Note 26 Financial Instruments continued

Valuation of financial instruments carried a fair value

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

Level 1

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

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange. Pooled funds are pooled funds with other institutions and hold individual securities, buildings or bonds and can be priced daily; as such they are classified as Level 1.

Level 2

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

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which the Islington Council Pension Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuation to 31 March as appropriate.

Note 26 Financial Instruments continued

The valuation basis for each category of investment is set out below.

Description of asset	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Level 1			
Equities	The published bid market price on the final day of the accounting period.	Not required	Not required
Multi Asset	Quoted market value based on current yields.	Not required	Not required
Global active equities	Quoted market value based on current yields.	Not required	Not required
Bonds	Published exchange price at year end.	Not required	Not required
Cash Deposits	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments.	Not required	Not required

Note 26 Financial Instruments continued

Description of asset	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Level 2			
Global passive equities	Closing bid price where bid and offer prices are published	Evaluated price feeds	Not required
Property	The NAV for each share class is calculated based on the market value of the underlying equity assets.	Evaluated price feeds	Not required
Bonds	Fixed income securities are priced based on evaluated prices provided by independent pricing services.	Evaluated price feeds	Not required

Note 26 Financial Instruments continued

Description of asset	Basis of valuation	Unobservable inputs	Key sensitivities affecting the valuations provided
Level 3			
Private equities (Infrastructure and Capital market)	Latest available fair value provided by the manager, adjusted for cash movements subsequent to that date as required.	Manager valuation statements are prepared in accordance with ECVA guidelines	Upward valuations are only considered when there is validation of the investment objectives and such progress can be demonstrated
Private equities: (Property)	Independent valuations for freehold and leasehold properties less any debt within the individual property fund plus / minus other net assets.	Properties valued on an open market basis. Valuations carried out in accordance with the principles laid down by the RICS Appraisal and Valuation Manual and independent audit review of the net assets within the individual property fund	Upward valuations are only considered where there is validation of the investment objectives and such progress can be demonstrated. Downward valuations are enacted where the manager considers there is an impairment to the underlying investment.
Private Debt	Latest available fair value provided by the manager, adjusted for cash movements subsequent to that date as required.	Credit ratings and default history within the pool	Valuations could be affected by changes to expected cashflows or default in the underlying loans
Derivatives	Market forward exchange rates at the year-end	Exchange rate risk	Changes to the value of the financial instrument being hedged against

Note 26 Financial Instruments continued

Sensitivity of assets valued at Level 3

Having consulted with independent investment advisors, the Fund has determined that the valuation methods described above for Level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

	Potential Variation in fair value	Value at 31 March 2024 £000s	Potential Value on Increase £000s	Potential Value on Decrease £000s
Private Equity - overseas	7.3%	34,196	36,692	31,700
Infrastructure - PIV	14.2%	207,059	236,461	177,656
Private Debt	11.4%	121,217	135,035	107,398
Total		**362,472**	**408,189**	**316,754**

	Potential Variation in fair value	Value at 31 March 2023 £000s	Potential Value on Increase £000s	Potential Value on Decrease £000s
Private Equity - overseas	9.3%	35,560	38,873	32,247
Infrastructure - PIV	10.4%	168,413	186,006	150,819
Private Debt	5.7%	104,927	110,921	98,933
Total		**308,900**	**335,800**	**282,000**

A sensitivity analysis on the whole portfolio or class will be inappropriate. Islington does not have a large portfolio of alternatives classed under level 3 and a change in valuation of the level 3 underlying investments will not have a significant impact on the whole portfolio.

Note 26 Financial Instruments continued

Reconciliation of Fair Value Measurements within Level 3

Reconciliation of assets within Level 3	Value at 31 March 2023 £000	Purchases during the year £000	Sales during the year £000	Change in market value during the year £000	Value as at 31 March 2024 £000
Private Equity	35,561	5,899	(4,530)	(2,734)	34,196
Infrastructure - PIV	168,413	87,450	(47,014)	(1,791)	207,059
Private Debt	104,927	27,794	(9,488)	(2,016)	121,217
Derivatives	6,709	-	-	(5,784)	925
Total Level 3 Assets	**315,608**	**121,143**	**(61,032)**	**(12,325)**	**363,397**

Reconciliation of assets within Level 3	Value at 31 March 2022 £000	Purchases during the year £000	Sales during the year £000	Change in market value during the year £000	Value as at 31 March 2023 £000
Private Equity	29,724	10,333	(9,390)	4,893	35,560
Infrastructure - PIV	124,584	63,590	(42,593)	22,832	168,413
Private Debt	27,803	94,438	(9,324)	2,009	104,927
Derivatives	(5728)	39,978	(12,026)	(15,515)	6,709
Total Level 3 Assets	**176,383**	**198,339**	**(73,332**	**14,219**	**315,608**

In measuring the Level 3 investments it is possible that one or more of the inputs could change, by the valuing manager, to acceptable alternative assumptions and is disclosed in Note 5. Different earnings multiple could be used for a comparable company or industry sector for example. Whilst these changes could have a significant change in valuation, that individual change will not necessarily apply to other investments.

Note 27 Investment Assets by Fund Manager

Investment Assets by Fund Manager		31 March 2023 £000	31 March 2024 £000
London Borough of Islington In-House Fund	Equities - UK quoted - LBI self-managed	166	-
	Equities - Overseas quoted - LBI self-managed	-	-
	Cash Deposits - Sterling	610	2,579
	Cash Deposits - Other	26,109	13,781
	Other Investment Balances - Outstanding Dividends/Tax	265	202
	Bond (Fixed Interest) - UK	62	61
	Index-Linked - UK	-	
	Pooled Funds - UK	-	
	Total London Borough of Islington In-House Fund	**27,212**	**16,623**
Newton - London CIV	Pooled Funds - Global Active equities	322,581	298,162
	Cash Deposits - Sterling	-	-
	Cash Deposits - Other	279	276
	Other Investment Balances - Outstanding Dividends	-	-
	Total Newton	**322,860**	**298,438**
BNY Mellon	Cash Desposits - Sterling	37	6,072
	Outstanding Foreign Exchange Trades	6,709	925
	Total BNY Mellon	**6,746**	**6,997**
POLEN (prev BMO)	Global Active equities	68,466	69,406
	Cash - Other	(1,005)	-
	Total BMO	**67,461**	**69,406**
Legal & General	Pooled Investment Vehicles - Global Passive Equities	233,378	282,234
	Cash Deposits - Sterling	-	18
	Total Legal & General	**233,378**	**282,252**
L&G Paris Align	Global Passive Equities	164,064	202,084
	Cash Deposits - Sterling	-	13
	Total L&G Paris Align	**164,064**	**202,097**
Standard Life Bonds	Pooled Investment Vehicles - Bonds	68,167	73,018
Pantheon	Pooled Investment Vehicles - Private equity	1,975	1,734
Standard Life	Pooled Investment Vehicles - Private equity	8,526	5,236
Aviva Lime Property	UK Unit Trusts - Pooled Investment: Property	129,779	178,436
Threadneedle Pensions	Pooled Investment: Property	90,327	121,205
Thesis	Pooled Investment: Property	27,951	22,477
Franklin Templeton	Private equity - Pooled Investment Global Property	25,060	27,227
Schroders	Pooled Investment Multi Asset	45,760	21,999
Pantheon Infrastructure	Infrastructure	69,757	111,211
Quinbrook Infrastructure	Infrastructure	98,656	95,848
RBC/ LONDON CIV	Global Active equities	166,436	192,778
M&G AOF	Pooled Investment Managed Funds - Bonds	77,583	86,683
CHURCHILL	Private debt	54,805	59,401
Permira CS	Private debt	15,481	23,761
Crescent	Private debt	34,641	38,054
	Total Other	**914,904**	**1,059,068**
Total Investment Assets		**1,736,625**	**1,934,881**

Written Statements

Statement of Responsibilities for the Statement of Accounts

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 (the Chief Financial Officer) has responsibility for the administration of those affairs;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Chief Financial Officer's responsibilities

The council's designated Chief Financial Officer (as defined by Section 151 of the Local Government Act 1972 and Section 112 of the Local Government Finance Act 1988) is the person responsible for the proper administration of the council's financial affairs.

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

In preparing these Statements of Accounts, the CFO has:

- selected suitable accounting policies and then applied them consistently except where policy changes have been noted in these accounts;
- made judgments and estimates that were reasonable and prudent; and
- complied with the Code.

The CFO has also:

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

I certify that the Draft Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2024 and of its income and expenditure for the year then ended.

David Hodgkinson
Corporate Director of Resources

30 May 2024

Independent Auditor’s Report to the Members of Islington Council

The Auditor’s Report on Islington Council’s 2023/24 Statement of Accounts will appear here once the audit is completed.

Independent Auditor’s Report to the Members of Islington Council on Islington Council’s Pension Fund Accounts

The Auditor’s Report on Islington Council’s 2023/24 Pension Fund Accounts will appear here once the audit is completed.

Glossary

Glossary of Financial Terms

Accounting Standards: By law local authorities must follow "proper accounting practices" which are set out both in acts of parliament and in professional codes and statements of recommended practice. These are based on accounting standards, primarily International Financial Reporting Standards set by the International Accounting Standards Board.

Accruals: The accounting concept that income and expenditure are recognised as they are earned or incurred not as money is received or paid.

Capital Expenditure: Expenditure on the acquisition, construction, enhancement and replacement of council assets such as land, buildings and roads.

Capital Receipts: Income over £10,000 from the sale of a non-current asset.

Collection Fund: This account fulfils the statutory requirement for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of council tax and business rates.

Community Infrastructure Levy (CIL): a charge paid by individuals and developers for new developments in Islington, which the council must spend on infrastructure in the borough.

Contingent Asset: A contingent asset arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control.

Contingent Liabilities: A contingent liability is either: (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control; or (b) a present obligation that arises from past events but is not recognised because (1) it is not probable that a transfer of economic benefits will be required to settle the obligation, (2) or the amount of the obligation cannot be measured with sufficient reliability.

Council Tax: A local tax on domestic properties set by the council and the Greater London Authority (GLA). The level is determined by the revenue expenditure requirements for each authority divided by the council tax base for the year.

Creditors: Amounts of money owed by the council for goods of services received.

Debtors: Amounts of money owed to the council for goods or services provided.

Deferred Capital Receipts: This refers to income of a capital nature that will be received in future financial years.

Depreciation: A provision made in the accounts to reflect the value of tangible non-current assets.

Finance Lease: A lease that substantially transfers the risks and rewards of a fixed asset to the lessee. Any lease that is not a finance lease is known as an operating lease.

General Fund: The council's main revenue account that covers the net cost of all services.

Heritage Assets: A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Revenue Account (HRA): A statutory account maintained separately from the General Fund for the recording of income and expenditure relating to the provision of council housing.

Impairment: A reduction in the carrying value of a non-current asset below its carrying value (due to obsolescence, damage or an adverse change in the statutory environment).

Infrastructure: A classification of non-current assets which includes facilities required to enable other developments to take place (e.g. roads, street lighting) and similar environmental works.

Levies: Payments that the council is required to make to levying bodies such as the North London Waste Authority, the London Pension Fund Authority, the Environment Agency and the Lee Valley Regional Park Authority.

Members' Allowances: Payments to councillors, authorised by law, in respect of the costs incurred in carrying out their duties as elected representatives.

Minimum Revenue Provision: The minimum amount that the council must charge to the General Fund to prudently provide for the repayment of debt.

Movement in Reserves Statement (MIRS): This presents the movement in usable and unusable reserves.

National Non-Domestic Rates (NNDR): The rates paid by businesses. The amount paid is based on a rateable value set by the Valuation Office Agency (VOA) multiplied by a national rate in the £ set by the government less any business rates reliefs set by the government. Under the business rates retention system, the council retains 30% of the rates collected and pays over 37% to the GLA and 27% to the government.

Net Book Value: The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value, less the cumulative amount provided for depreciation.

Precept: The demand made upon the Collection Fund by the GLA for monies which it requires to finance the services it provides.

Provision: A liability that is of uncertain timing or amount which is to be settled by transfer of economic benefits.

Prudential Code: Since 1 April 2004, local authorities have been subject to a self-regulatory prudential system of capital controls. This gives authorities the freedom to determine how much of their capital investment they can afford to fund by borrowing. The objectives of the Code are to ensure that the local authority's capital investment plans are affordable, prudent and sustainable, with councils being required to set specific prudential indicators.

Related Party Transactions: These are material transactions between the council and another organisation or individual that has a pre-existing relationship with the council. A related party transaction can occur where a councillor or senior officer in the council (or their close family member) has control or joint control or significant influence over the council and is in a similar position in an organisation that transacts with the council. This can include directorships, employment at a senior level or significant financial interests in organisations that have material transactions with the council. Related parties also include the Pension Fund.

Reserves: Local authorities generally hold reserves for three purposes: working balance to help cushion the impact of uneven cash flows, contingency to cushion the impact of unexpected events or emergencies and building up funds to meet known or predicted requirements (including capital expenditure). In addition to such useable reserves, local authorities have unusable reserves on their Balance Sheet. These reserves, such as the Pension Reserve and Capital Adjustment Account, hold costs that the authority has accrued but not yet financed and cannot be spent on council services.

Revenue Expenditure: Day to day expenditure on the running of council services including salaries, wages, contract payments, supplies and capital financing costs.

Revenue Expenditure Funded from Capital under Statute (REFCuS): Legislation in England allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset. Examples include works on property owned by other parties, renovation grants and capital grants to other organisations.

Revenue Support Grant (RSG): The main government grant paid to local authorities to support revenue expenditure.

Section 106 (s106) contributions: Monies received from developers and other parties when the council grants planning permission, which is to help mitigate the impact of a development on the local area.

Settlement Funding Assessment: This comprises Revenue Support Grant and the amount of retained business rates that the government expects the council to collect.

Specific Grants: A grant receivable that relates to expenditure incurred on providing a particular service e.g. Dedicated Schools Grant (DSG) for schools related expenditure.

Contents

Do you need this information in another reading format such as Braille, large print, audio or Easy Read?

Please contact 020 7527 2000.

Contact Islington

222 Upper Street
London N1 1XR

- 020 7527 2000
- 020 7527 1900
- contact@islington.gov.uk

www.islington.gov.uk