The Royal Borough of Kingston upon Thames

Statement of Accounts

2023/24

THE ROYAL BOROUGH OF
KINGSTON
UPON THAMES

Contents

1. Narrative Report

Local authorities in England are required under the Accounts and Audit Regulation 2015 and the CIPFA Code of Practice to include a narrative report with their published statement of accounts. This report does not form part of the Accounts and so is not subject to the same inspection of accounts regime.

THE ROYAL BOROUGH OF KINGSTON UPON THAMES

Narrative Report

Narrative Report of the Council's S151 Officer

About the Royal Borough of Kingston upon Thames

The Royal Borough of Kingston upon Thames is one of only five Royal Boroughs in England and Wales, and is one of the 32 London Boroughs, which, along with the City of London make up the capital.

The Royal Borough is located in south west London, on the banks of the Thames, 12 miles from central London. The Council works with its partners such as the healthcare trusts, Kingston University, housing cooperatives, the police and other Local Authorities to deliver public services including health, education, affordable housing, waste management and transport facilities in a high quality environment.

The Borough is well served by public transport links, being close to Heathrow Airport and easily accessible from the M25, London's orbital motorway, both of which make Kingston a regional visitor hub and a popular shopping and entertainment destination.

In 2021 the Borough had 168,061 residents[1] and this is projected to increase to 188,043 by 2043 (+11.9%). Kingston is home to a higher proportion of older residents aged 65+ (14.4%) compared to London as a whole (11.9%).

This age group is projected to grow from 24,323 in 2021 to 39,237 in 2043, an increase of 61.3%, whilst the number of young people (aged 0-15) is set to also increase marginally from 30,637 in 2021 to 31,230 over the same period (1.9%).

Whilst people living longer is to be celebrated, Kingston's growing population puts increasing pressure on a range of services, particularly social care and housing.

Kingston's residents are generally in good health, with 86.7% self-reporting their health as being good or better[2]. Like much of the country, obesity levels are a concern - 57.6% of the borough's adults are classed as overweight or obese[3]. Kingston compares favourably to London and England on life expectancy for males (80.5 Kingston, 78.8 London, 78.7 England) and females (84.6 Kingston, 83.4 London, 82.8 England[4]).

Kingston ranks as the second least deprived local authority in London and is the 12th least deprived local authority in England (ranking 140th of 151 upper-tier local authorities)[5]. Nonetheless, there are pockets of relative deprivation. The Index of Multiple Deprivation ranks every small area in England from 1 (most deprived area) to 32,844 (least deprived area) and divides them into 10 equal groups (where decile 1 = 10% most deprived nationally). In Kingston there is only one LSOA (Lower Super Output Area) in the 20% most deprived nationally (deciles 1 and 2) and there are 3 LSOAs in deciles 3 and 4. Out of Kingston's 98 LSOAs, 38 are in the 20% least deprived nationally (deciles 9 and 10).

Kingston is one of the safest boroughs in London, with crime rates - including antisocial behaviour, violence and sexual offences - significantly lower than the London average. LSOAs, 38 are in the 20% least deprived nationally (deciles 9 and 10).

For more information about the borough visit https://data.kingston.gov.uk/

[1] Population ONS Census 2021

[2] General health, Census (2021)

[3] Percentage of adults (18+ classed as overweight or obese, Public Health Fingertips (2018/19)

[4] General health, Census (2021)

[5] Index of multiple deprivation (2019)

Political Structure

As at the balance sheet date of 31st March 2024, the Council consisted of 48 Councillors, split into 19 wards each represented by either 2 or 3 councillors. The political composition of the Council at that time was;

- Liberal Democrats 43
- The Opposition Group - comprising:
  - Kingston Independent Residents Group 2
  - Independent 1
- Conservative 2

The current composition of the Council is now:

- Liberal Democrats 42
- The Opposition Group - comprising:
  - Kingston Independent Residents Group 2
  - Independent 1
- Community Voice & Green Independent 1
- Conservative 2

The Council has a Committee system, involving all members of the Council in decision making. The Council sets the policy and budgetary framework and decisions are made by the strategic, neighbourhood and regulatory committees. The committee structure comprises 3 strategic committees - Corporate & Resources, People and Place.

Organisational overview and operational model

Supporting the work of the elected members is the Council's Strategic Leadership Team (SLT).

SLT has been undergoing a restructure and during the 2023/24 financial year, interim arrangements were in place. During this time, SLT comprised the Chief Executive, 3 Executive Directors (Children's Services, Adult Social Care & Health, Place), the Interim Director of Finance, Interim Director for Communities, the Director of Public Health and the Monitoring Officer.

Within this structure Children's services are delivered by Achieving for Children (AfC) which is a community interest company established in 2014. It is jointly-owned by three councils (Kingston, Richmond and Windsor & Maidenhead) to deliver social and educational services for children across the boroughs.

Annual Governance Statement (AGS)

The purpose of Kingston's AGS is to provide assurance regarding the Council's governance arrangements. The format and wording of the AGS are based upon official guidance. In respect of the previous financial year, it lists the key elements of the Council's governance framework – those systems and processes which must be effective if there is to be a high standard of governance across the Council. It summarises how assurance is obtained on these systems and processes, and lists the key areas where improvement is needed. Progress on any improvements is monitored during the following year.

Financial Outlook

The economic outlook for the country remains challenging, primarily due to the continuing high levels of inflation, albeit the Consumer Price Index (CPI) rate slowing from the 40-year high of 11% back in October 2022 to a CPI of 4.0% as recorded for December 2023.

The economic impact of worldwide issues such as the longer term effects of the global Covid-19 pandemic, the Russian invasion of Ukraine and the impact of escalating conflict in the Middle East, all contribute to a more uncertain global economic outlook.

The country started the financial year 2023-24 with CPI inflation at 8.7% (April 2023 figure). The Bank of England has kept interest rates higher than in recent years as a tool to push inflation down. The headline rate of Inflation has come down to 4.0% in December 2023 and has remained at 4.0% as at January 2024, however the impact of higher interest rates has meant higher mortgages for homeowners. Living costs have remained far higher than pre-pandemic levels, with inflation in essentials such as food, fuel and energy bills in particular remaining much higher than in recent years. This maintains pressure on households and in addition, businesses.

Local government finances have been under pressure for a number of years but over the past 12 months this has reached levels where it is regularly reported in the national media. The local government association (LGA) estimates that the sector as a whole faces a funding shortfall of £4 billion over two years, whilst London Councils estimates there is a shortfall of £600 million in London for 2024-25.

Kingston, along with all local authorities across the country, continues to operate in a highly inflationary environment (albeit with the rate of inflation now slowing down), which is having a significant impact on the cost of providing services to residents. Government funding is not keeping pace with the increased expenditure the Council is facing. The generally accepted measure of inflation, the Consumer Price Index (CPI) continues to track above the Bank of England target rate of 2% and peaked at 11.1% in October 2022 before falling to 4.0% in the latest published data for January 2024.

- The Council is reliant on Council Tax and Business Rates to fund most of its services. This means that the proportion of the Council's budget funded from Council Tax is much higher than the London average
- Potential volatility of income streams under the business rates retention finance system due to linkages with local economic performance. This has been particularly highlighted by the impact of the pandemic.
- Kingston's historically low level of reserves has improved to a more appropriate level in recent years but this will need to be closely monitored to prevent these levels deteriorating again. The level of reserves standing at an appropriate level in light of the challenges faced due to the Cost of Living Crisis and increasing inflation.
- Demographic growth and an increasingly ageing population will continue to put pressure on the Council's budget
- The current medium term financial strategy reveals a budget gap of £19.8m to 2027/28 which will need to be closed by budget reductions and/or increases in resources through local taxation. The impact of soaring inflation will inevitably put upward pressure on this budget gap.

Risk

Councillors considered a financial risk analysis of the Council's proposed budget for 2023/24 when setting the Budget at Full Council in February 2024.

The Council holds a general fund balance to help mitigate against strategic financial risks such as interest rates, inflation and demographic spending pressures. Given the likelihood of all the risks materialising in full being low, the General Fund balance was considered to be sufficient. The budget for 2024/25 does not depend upon the drawdown of reserves and has provided for growth and pressures arising.

Financial performance 2023/24

The financial context in which the Council is operating continues to remain challenging. During the financial year 2023-24 the UK saw significant economic unrest. Whilst inflation started to fall, interest rates remain high and the effects of these pressures continue to impact residents and businesses across the Borough. The 'Cost of Living' crisis, the Russia/Ukraine war as well as the impact of escalating conflict in the Middle East, have all contributed to a more uncertain global economic outlook.

The Council set a balanced budget to deliver savings of £8.139m in 2023/24. The final General Fund outturn position is an overspend of £3.199m which has been met through drawing down £0.970m from the Economic Risk Reserve and £2.229m from the Debt Collection Risk Reserve. It is a balanced outturn against a budget of £161.296m. The main contributors to the outturn position are:

- Corporate and Communities reported a £12.058m underspend. Of this total underspend, £10.436m driven primarily by higher interest receivable and the release of bad debt provision.

- An overspend of £8.467m in Place, mainly driven by overspends within Community Housing on temporary accommodation. The council is experiencing a rapid and sustained increase in homelessness approaches from residents to whom it owes a statutory duty of care, and who have been unable to afford or secure housing in the borough. Factors contributing to this increase in homelessness include the cost of living crisis, higher interest rates, national shortages of housing to buy and rent as well as significant numbers of landlords leaving the marketplace. The Council is continuing to experience demand that is exceeding the limited supply of affordable housing that the Council has access to.

- An overspend of £1.996m in Adults Social and Health. Within Adult Social Care services, there has been an increase in demand across all areas of care, with the main increases being in Home Care and Older People. This is due to increased demand from an ageing population within the borough, and increased demands on other social care services. Costs have also been increasing due to increasingly complex user needs, new packages of care costing more than legacy packages that have ended, and increased provider costs to cover inflationary and cost of living pressures.

- An overspend of £3.638m in Children's Services. Within Children's services, the most significant financial pressure continues to be the structural overspend in the activities covered by the High Needs Block - Dedicated Schools Grant. This pressure is mitigated in part by the safety valve agreement with the Department for Education (DfE) (£3.410m of additional funding received this year) and the temporary regulations which mean the deficit reserve is classed as unusable and therefore excluded from assessments of financial sustainability.

The table below shows a summary of the outturn position at Directorate level

Directorate	**2023/24 Budget**	**2023/24 Outturn**	**Outturn Variance**
	£'000	**£'000**	**£'000**
Adult Social Care & Health	55,065	57,061	1,996
Corporate & Communities	62,728	50,670	(12,058)
Place	1,555	10,022	8,467
Children's Services	40,527	44,165	3,638
Chief Executives	1,421	1,246	(175)
Total Expenditure	**161,296**	**163,164**	**1,868**
Total Resources	**(161,296)**	**(159,965)**	**1,331**
Outturn before transfer from Reserves	**-**	**3,199**	**3,199**
Transfer from Economic Risk Reserve	**-**	**(970)**	(970)
Transfer from Debt Collection Risk Reserve	**-**	**(2,229)**	(2,229)
Grand Total	**0**	**0**	**0**

Housing Revenue Account (HRA)

The HRA underspent by £2.369m against its revenue budget for 2023/24. The main reasons for this are increased interest on cash balances and lower central support costs, as well as an underspend on cyclical decorations.

Schools Budget

The Schools Budget has overspent by £5.686m, the main area of overspend is on high needs education services which is projected to overspend by £6.092m.

At the end of March the High Needs Block was supporting 1,780 Education, Health and Care Plans (EHCPs), a net increase of 150 young people since 1st April the previous year. It is also increasingly challenging to source affordable school placements for children as there is a national and local shortfall, the teams are seeing a rise in complexity of needs and education providers / schools are requesting fee increases to reflect inflationary pressures.

The Early Years Block underspent by £0.462m. The figures are based on latest census data which captures resident take up of free nursery places. Kingston is experiencing a decline in take up of free nursery places

Capital Programme

The outturn expenditure of £100.711m produced a net underspend of £26.160m when compared to the year end budget for 2023/24 of £126.871m.

Within the underspend an amount of £24.168m is being requested to be carried over into the 2024/25 financial year. This is due to delays from a number of reasons including re-scoping due to escalating costs, additional engagement with stakeholders and issues with sourcing material and labour on some of the projects. The slippage is split between the General Fund, £14.586m and the Housing Revenue Account (HRA) £9.582m.

The table below is a summary of the capital programme at outturn. It shows how the outturn compares to the final 2023/24 budget, and slippage by each directorate.

Capital Programme	Budget	Outturn	Variance	Variance	Slippage
	£'000	£'000	£'000	%	£'000
Corporate & Communities	25,004	21,743	(3,261)	13.0%	2,866
Place - General Fund	40,774	22,695	(18,079)	44.3%	11,720
Subtotal - General Fund	**65,778**	**44,438**	**(21,340)**	**32.4%**	**14,586**
Place -HRA	61,093	56,273	(4,820)	7.9%	9,582
Capital Total	**126,871**	**100,711**	**(26,160)**	20.6%	**24,168**

The programme has been funded from a variety of sources as shown in the table below-

Directorate	Borrowing	Capital Receipts	Government Grants	GLA Grants	Major Repairs Reserve	Leaseholder contributions	S106/CIL	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Corporate & Communities	11,030	4,679	2,308	611	0	0	3,115	**21,743**
Place	8,167	180	12,438	132	0	0	1,778	**22,695**
General Fund - Subtotal	**19,197**	**4,859**	**14,746**	**743**	**0**	**0**	**4,893**	**44,438**
Place - HRA	28,268	2,221	0	17,192	8,128	361	103	**56,273**
Total Capital Programme	**47,465**	**7,080**	**14,746**	**17,935**	**8,128**	**361**	**4,996**	**100,711**

1. The Council Plan 2023- 2027, was endorsed by the Corporate & Resources Committee on 21st February 2023 and approved by Council on the 2nd March 2023. It sets out the commitments to our communities under the themes of Fairer, Safer, Greener and Together and we will continue to transform our council to become more efficient and deliver in a smarter way together with our partners under a theme of Future Council;

Fairer
- Be an inclusive borough
- Support children and young people
- Promote health and wellbeing for all ages
- Deliver quality homes and housing services
- Support skills, training and good employment

Safer
- Provide person-centred adult's and children's social care
- Coordinate Kingston's response to emergencies and develop community resilience
- Work with partners to keep Kingston safe
- Ensure a well maintained and well regulated borough

Greener
- Promote sustainable transport and improve air quality,
- Reduce waste and support recycling and reuse
- Improve our natural environment and increase biodiversity
- Reduce energy use and carbon emissions

Together
- Celebrate, strengthen and empower our communities
- Support businesses and promote economic development
- Collaborate with strategic partners
- Work closely with the community to deliver shared aims
- Shape our borough through sustainable regeneration

Future Council
- Deliver efficient services, communicating clearly with our communities
- Be responsible with our finances, commissioning good quality, good value services
- Be led by data and insight
- Invest in and transform our services
- Provide the right infrastructure for the council and Kingston

- Support and develop our staff

Full details of the corporate plan can be found on the Council's website, www.kingston.gov.uk

The Statement of Accounts 2023/24

The Statement of Accounts (SoA) provides a picture of the Council's health as at the 31 March 2024, bringing together the financial performance of the Council for 2023/24 through the Comprehensive Income and Expenditure Statement (CIES) as well as highlighting the cumulative position of the assets, liabilities and reserves the Council holds on its Balance Sheet.

Explanation of Accounting Statements

The statement of accounts sets out the Council's income and expenditure for the year and its financial position as at the 31 March 2024. It comprises core and supplementary statements as well as disclosure notes that provide additional information and explanation to the reader. Both the format and content of the financial statements are prescribed by CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which in turn is underpinned by International Financial Reporting Standards.

The core statements are listed below and are explained on the relevant page:

- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement

The accounts also include:
- Notes to the Accounts
- Collection Fund Account
- Housing Revenue Account
- Pension Fund Accounts
- Group Accounts

Sue Cuerden
Executive Director of Corporate Services
(Section 151 Officer)
13 March 2025

2. Statement of Responsibilities

This sets out the different responsibilities of the Council and the S151 Officer in terms of financial administration and accounting.

Statement of Responsibilities for the Statement of Accounts

The Responsibility of the Council

The Council is required to manage its affairs in a way that secures the economic, efficient and effective use of resources and safeguards its assets.

The Council also has to;

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has responsibility for the administration of those affairs under S151 of the Local Government Act 1972. In this Council that officer is the Executive Director of Corporate Services (S151 Officer).
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

The Responsibilities of the Executive Director of Corporate Services (S151 Officer)

The Executive Director of Corporate Services and S151 Officer is responsible for the preparation of the Council's Statement of Accounts, which in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code"), is required to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2024. The Executive Director of Corporate Services (S151 Officer) is also responsible for preparing the Pension Fund accounts administered by the Council in accordance with the current Code of Practice.

In preparing this Statement of Accounts the Executive Director of Corporate Services (S151 Officer) has:

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

The Executive Director of Corporate Services (S151 Officer) has also:

- kept proper, up to date, accounting records, and;
- taken reasonable steps for the prevention and detection of fraud and other irregularities across the Council's service.

I certify that the accounts were prepared in accordance with the requirements of the Accounts and Audit Regulations 2015 and, except where specifically stated, in accordance with all recognised statutory requirements and codes of practice applicable to local authorities. I certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2024 and its income and expenditure for the year.

Sue Cuerden
Executive Director of Corporate Services
(Section 151 Officer)
13 March 2025

I certify that the draft Statement of Accounts was approved by the Audit, Governance and Standards Committee on 25 October 22024, and that I have delegated authority to approve the final audited Statement of Accounts.

Councillor Lynn Henderson
Chair, Audit, Governance and Standards Committee
13 March 2025

3. Core Financial Statements

THE ROYAL BOROUGH OF KINGSTON UPON THAMES

Comprehensive Income and Expenditure Statement

The 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. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting costs. The taxation position is shown in the Movement in Reserves Statement.

Gross Expenditure 2022/23	Gross Income 2022/23	Net Expenditure 2022/23		Notes	Gross Expenditure 2023/24	Gross Income 2023/24	Net Expenditure 2023/24
£'000	£'000	£'000			£'000	£'000	£'000
97,245	(38,870)	58,375	Adult Social Care		99,554	(40,326)	59,228
1,227	(9)	1,218	Chief Executive's		1,235	-	1,235
143,452	(100,700)	42,752	Corporate and Communities		149,651	(104,786)	44,865
46,802	(8,198)	38,604	Children's Services		54,260	(11,482)	42,778
106,237	(108,036)	(1,799)	Childrens Services - Schools		113,815	(113,389)	426
35,796	(19,454)	16,342	Place		42,652	(20,435)	22,217
26,249	(32,353)	(6,104)	Housing Revenue Account		55,021	(33,574)	21,447
457,008	**(307,620)**	**149,388**	**Cost of Services**		**516,188**	**(323,992)**	**192,196**

Comprehensive Income and Expenditure Statement (continued)

Gross Expenditure 2022/23	Gross Income 2022/23	Net Expenditure 2022/23		Notes	Gross Expenditure 2023/24	Gross Income 2023/24	Net Expenditure 2023/24
£000	**£000**	**£000**			**£000**	**£000**	**£000**
561	(11,333)	(10,772)	Other operating expenditure	6	586	(932)	(346)
24,707	(8,963)	15,744	Financing and investment income and expenditure	7	23,307	(20,335)	2,972
	(166,024)	(166,024)	Taxation and non-specific grant income	8		(193,977)	(193,977)
482,276	(493,940)	**(11,664)**	**(Surplus) or deficit on the provision of services**		**540,081**	**(539,236)**	**845**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(40,344)	Surplus or deficit on revaluation of non-current assets	12a			50,550
		(193,108)	Actuarial gains or losses on pension assets and liabilities	12c			(46,757)
		(233,452)	**Other comprehensive income and expenditure**				**3,793**
		(245,116)	**Total comprehensive income and expenditure (surplus)/deficit**				**4,638**

The accompanying notes form part of these financial statements.

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Accounts Balance movements in the year following those adjustments.

2023/24	Memorandum General Fund Balance	Memorandum Earmarked General Fund Reserves	Usable Reserves: Total General Fund Balance & Earmarked Reserves	Housing Revenue Account (HRA)	Capital Grants & Contributions Unapplied	Major Repairs Reserve	Capital Receipts Reserve	Total Usable Reserves	Non-usable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	**(19,633)**	**(61,577)**	**(81,210)**	**(7,466)**	**(38,561)**	**(8,938)**	**(23,526)**	**(159,701)**	**(835,052)**	**(994,753)**
Movement during 2023/24:-			-							
Total Comprehensive Expenditure and Income	(23,597)	0	**(23,597)**	24,442	0	0	0	**845**	**3,793**	**4,638**
Adjustments between accounting basis and funding basis under regulations (Note 10)	27,279	0	**27,279**	(28,336)	(5,497)	2,368	(505)	**(4,691)**	**4,691**	**0**
Net Increase/(Decrease) before transfers to Earmarked Reserves	**3,682**	**-**	**3,682**	**(3,894)**	**(5,497)**	**2,368**	**(505)**	**(3,846)**	**8,484**	**4,638**
Transfers to / (from) Earmarked Reserves	(3,682)	3,682	**0**	0	0	0	0	**0**	**0**	**0**
Increase / (Decrease) in Year	0	3,682	3,682	(3,894)	(5,497)	2,368	(505)	(3,846)	**8,484**	**4,638**
Balance at 31 March 2024	**(19,633)**	**(57,895)**	**(77,528)**	**(11,360)**	**(44,058)**	**(6,570)**	**(24,031)**	**(163,547)**	**(826,568)**	**(990,115)**

Movement in Reserves Statement (continued)

2022/23 Comparative	Memorandum General Fund Balance	Memorandum Earmarked General Fund Reserves	Usable Reserves Total General Fund Balance & Earmarked Reserves	Housing Revenue Account (HRA)	Capital Grants & Contributions Unapplied	Major Repairs Reserve	Capital Receipts Reserve	Total Usable Reserves	Non-usable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2022	(19,631)	(59,107)	(78,738)	(4,365)	(32,460)	(13,314)	(18,219)	**(147,096)**	**(602,541)**	**(749,637)**
Movement during 2022/23:-										
Total Comprehensive Expenditure and Income	(3,368)	-	(3,368)	(8,296)	-	-	-	**(11,664)**	**(233,452)**	**(245,116)**
Adjustments between accounting basis and funding basis under regulations (Note 10)	896	-	896	5,195	(6,101)	4,376	(5,307)	**(941)**	**941**	**-**
Net Increase/(Decrease) before transfers to Earmarked Reserves	**(2,472)**	**-**	**(2,472)**	**(3,101)**	**(6,101)**	**4,376**	**(5,307)**	**(12,605)**	**(232,511)**	**(245,116)**
Transfers to / (from) Earmarked Reserves	2,470	(2,470)	-	-	-	-	-	**-**	**-**	**-**
Increase / (Decrease) in Year	(2)	(2,470)	**(2,472)**	**(3,101)**	**(6,101)**	**4,376**	**(5,307)**	**(12,605)**	**(232,511)**	**(245,116)**
Balance at 31 March 2023	**(19,633)**	**(61,577)**	**(81,210)**	**(7,466)**	**(38,561)**	**(8,938)**	**(23,526)**	**(159,701)**	**(835,052)**	**(994,753)**

Balance Sheet

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

31 March 2023		Notes	31 March 2024
£'000			**£'000**
	Long Term Assets		
1,138,573	Property, plant and equipment	13a	1,087,129
1,209	Heritage assets	13b	1,209
70,555	Investment property	14	57,236
5,773	Intangible assets	13c	4,524
5,955	Long term investments	17	1,021
15,170	Long term debtors	17	45,280
8,702	Net Asset Related to Defined Benefit Pension Scheme	31	71,974
	Assets held for sale	15	-
1,245,937	**Total Long Term Assets**		**1,268,373**
	Current assets		
1,158	Assets held for sale	15	7,362
60,887	Short term investments	17	71,318
21,209	Inventories	35	20,249
53,809	Short term debtors	18	84,551
52,850	Cash and cash equivalents	20	2,464
189,913	**Total Current Assets**		**185,944**

Balance Sheet (continued)

31 March 2023		Notes	31 March 2024
£'000			**£'000**
	Current Liabilities		
(2,548)	Short term borrowing	17	(19,873)
(76,728)	Short term creditors	19a	(80,452)
(4,800)	Provisions	21	(3,431)
(54,094)	Grants receipts in advance		(71,009)
(138,170)	**Total Current Liabilities**		**(174,765)**
	Long Term Liabilities		
(301,227)	Long term borrowing	17	(276,997)
-	Net Liability Related to Defined Benefit Pension Scheme	31	(10,854)
(1,700)	Provisions	21	(1,586)
(302,927)	**Total Long Term Liabilities**		**(289,437)**
994,753	**Net Assets**		**990,115**
	Reserves		
(159,701)	Usable reserves		(163,547)
(835,052)	Unusable reserves	12	(826,568)
(994,753)	**Total Reserves**		**(990,115)**

The accompanying notes form part of these financial statements.

Cash Flow Statement

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

2022/23			**2023/24**
£000		Notes	**£000**
(11,664)	Net (surplus) or deficit on the provision of services		845
(30,532)	Adjustment to the net surplus or deficit on the provision of services for non-cash movements	22	(84,767)
38,762	Adjustment for items in the net surplus or deficit on the provision of services that are investing or financing activities	22	86,796
(3,434)	**Net cash flows from operating activities**		**2,874**
(3,806)	**Net cash flows from investing activities**	23	36,240
(8,675)	**Net cash flows from financing activities**	24	11,272
(15,915)	**Net (increase)/decrease in cash and cash equivalents**		**50,386**
	Represented by:		
36,935	Cash and cash equivalents at the beginning of the reporting period		52,850
15,915	Net increase/(decrease) in cash and cash equivalents		(50,386)
52,850	**Cash and cash equivalents at the end of the reporting period**	20	**2,464**

4. Notes to the Core Financial Statements

Note 1 Accounting Policies

a) 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 to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 and that they be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

b) Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2025, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting. On this basis, the Council has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period maintaining the provision of its services. For this reason, alongside the statutory guidance, the Council continues to adopt the going concern basis in preparing these financial statements.

c) Accruals of Income and Expenditure

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

- Revenue from the sale of goods and disposal of assets is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the debtors' balance is written down and a charge is made to revenue for the income that might not be collected.

d) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. This includes Call Accounts, Money Market Funds and Instant Access Accounts that are held to meet short-term cash flow requirements. It does not include fixed term deposits as they are not readily convertible to cash and, in certain market conditions, there could be a risk of change in value. In the Cash Flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the council's cash management.

e) Material Items

When items of income or expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending how significant the items are to the authority's financial performance.

f) Prior Period Adjustments, Changes in Estimates and Errors and Accounting Policies

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effects of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. There were no prior period adjustments this financial year.

g) Charges to Revenue for Non-Current Assets and Minimum Revenue Provision

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

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

The Council is not required to raise Council Tax to fund these costs, However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis as determined by the Council in accordance with statutory guidance. Therefore depreciation, revaluation and impairment losses and amortisation are replaced by the contribution in the General Fund balance (Minimum Revenue Provision), by way of adjusting transactions in the Capital Adjustment Account through the Movement in Reserves Statement for the difference between the two. This Minimum Revenue Provision (MRP) represents the repayment of debt used to finance capital assets. The debt is to be repaid over a period that is commensurate with that over which the capital expenditure provides benefits to the Council. Assets funded by debt receive their first MRP charge once they are operational, and provision to repay debt is set aside over the asset's useful life on an annuity basis. No MRP is charged on debt related to Commercial Investment capital expenditure, as the Council has the ability to sell these properties to repay any outstanding debt. Further information can be found in the Council's Treasury Management Strategy, approved as part of the 2022/23 budget.

h) Council Tax and Non-domestic Rates

RBK, as a billing authority acts as an agent, collecting Council Tax (CT) and Non-domestic Rates (NDR) on behalf of the major preceptors (including Government for NDR) and, as principals, collecting CT and NDR for themselves. Billing councils are required by statute to maintain a separate fund i.e. the Collection Fund (CF) for the collection and distribution of amounts due in respect of CT and NDR.

Under the legislative framework for the CF, billing authorities, major preceptors and central government share proportionately the risks and rewards the amount of CT and NDR collected could be less or more than predicted.

CT and NDR 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 CT and NDR that must be included in the Council's General Fund. Therefore the difference between the income included in the

CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciliation item in the Movement in Reserves Statement (MiRS).

The Balance Sheet includes the Council's share of the end of year balances in respect of CT and NDR 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 the likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

i) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and charged on an accrual basis to the relevant service line in the CIES.

Termination Benefits

Where the Council is committed to the termination of the employment of an officer or group of officers or to making an offer of voluntary redundancy, these costs are charged on an accrual basis to the respective service line in the CIES.

In the MiRS, 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.

j) Post Employment Benefits

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE),
- The National Health Service Pension Scheme administered by NHS Pensions, and
- The Local Government Pensions Scheme, administered by The Royal Borough of Kingston upon Thames.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council or for related parties.

However, the arrangements for the teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet.

The Local Government Pension Scheme

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

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

- Liabilities are discounted to their value at current prices, using a discount rate which has been based on the market yield on high quality corporate bonds and gilts.

- The assets of the Pension Fund attributable to the Council are included in the Balance Sheet at their Fair Value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

- The change in the net pensions asset/liability is analysed into the following components:
  - current service cost – the increase in liabilities as a result of years of service earned this year allocated in the CIES to the services for which the employees worked
  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years debited to the Surplus or Deficit on the Provision of Services in the CIES.
  - net interest on the net defined benefit liability (asset) - which represents the net

interest expense for the authority that arises from the passage of time, charged to the Financing and Investment Income and Expenditure line of the CIES.

- re-measurement of 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 asset/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 pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MiRS, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements.

Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

k) Events after the Balance Sheet Date

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

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

l) Government Grants and Contributions

Government grants and third party contributions are recognised when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify how and when the grants will be used.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors because until conditions are met the Council may be required to return the grant. When conditions are satisfied the grant or contribution is credited to the relevant service line in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General fund Balance in the MiRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account.

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

Covid-19 Business Grant Funding

Only amounts where the Council acts as the principal have been recognised in the Council's financial statements, with items where the Council is acting as agent being held as a short term liability.

Business Improvement Districts

A Business Improvement District (BID) scheme applies in Kingston town centre and is known as Kingston First. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the CIES.

Community Infrastructure Levy

The Community Infrastructure Levy (CIL) is a planning charge that the Council collects on new builds for the purpose of funding infrastructure projects within the borough to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised in the CIES at the commencement date of the chargeable development in accordance with the accounting policy for government grants and contributions set out above.

CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

m) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where the Council has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefit or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged directly 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.

Contingent Liabilities and Assets

A contingent liability or asset arises where an event has taken place that gives the Council a possible obligation or asset. These cannot be reliably measured and will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. These are not recognised in the Balance Sheet, but are disclosed in a note to the accounts.

n) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Earmarked reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement.

Where expenditure has been incurred which is to be financed from an earmarked reserve, it is charged to the relevant service within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. An amount is then transferred from the earmarked reserve to the General Fund Balance via an entry in the Movement in Reserves Statement.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement, employee benefits and the Dedicated Schools Grant deficit, and do not represent usable resources for the Council.

o) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licenses) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority. Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset.

Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the Fair Value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MiRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

p) Interests in Companies and Other Entities

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities. The Council has a joint venture Achieving for Children (AfC) which is a Community Interest Company (CIC) which commenced trading on 1 April 2014, The CIC is jointly owned and controlled by Royal Borough of Kingston (40%), London Borough of Richmond (40%) and The Royal Borough of Windsor and Maidenhead (20%) being a Private Limited Company limited by guarantee without share capital.

The Council has a subsidiary in the form of Kingston Theatre LLP. The interest in the company is not material and it is not incorporated into Group Accounts as its inclusion would not provide further benefit to the accounts. In the Council's own accounts, the interest in Kingston Theatre LLP is recorded as an investment.

The Council has formed a joint venture called Cambridge Road (RBK) LLP, on 25 September 2020 with property developers Countryside Properties (UK) Limited. Control is shared equally between parties. This company has been included in the Group accounts on the basis of the Equity Method

The Council also owns a subsidiary called RBK Holdings Ltd and its subsidiary, Kingston Upon Thames Investments Ltd, both of which are currently dormant. The level of activity is therefore also immaterial and so will not be consolidated into the Council's group accounts.

q) Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. They are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. However, regulations do not permit unrealised gains and losses to impact the General Fund balance, Therefore, gains and losses are reversed via 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.

Rental income received in relation to investment properties is credited to the Financing and Investment Income line and results in a gain for the General Fund balance.

r) Heritage Assets

Heritage assets are assets held or maintained principally for their contribution to knowledge and culture. Where the Council identifies such assets and cost or value information is available, these assets will be included in the Authority balance sheet. Where information on the value or cost of an identified heritage asset is not available and the cost of obtaining a valuation is not commensurate with the benefits to the users of the financial statements, then this asset will not be recognised in the balance sheet. Where a Heritage asset is used for operational purposes, this asset will be classed as an operational asset and will be subject to the same accounting policies as any other operational asset. Heritage assets are not subject to depreciation but can be impaired if a fall in value has occurred.

s) Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council, the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred whilst assets are under construction. The cost of an asset 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 authority.

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 and Expenditure 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 MiRS.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- 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
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. 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 current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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

Where 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 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 implementation. 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 same way as revaluation losses.

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 is calculated on the following basis:

- Housing Revenue Account dwellings are depreciated based on componentisation of blocks of similar properties (using beacon principles).
- other buildings – straight-line allocation over the useful life of the property as estimated by the Valuer.
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.
- Infrastructure – straight-line allocation over 20 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and Fair Value less costs to sell. Where there is a subsequent decrease to Fair Value less costs to sell, the loss is posted to the Other Operating Expenditure line in the 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 is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal.

Any receipts from disposals are credited to the same line in the CIES as part of the gain or loss on 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. 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), or in line with the Council's flexible use of capital receipts strategy. Receipts are appropriated to the Reserve from the General Fund Balance in the MiRS.

A proportion of housing receipts relating to 'Right to Buy' disposals is payable to the Government, net of statutory deductions, allowances and optional retention of one for one additional receipts. Any housing non-Right to buy or non-dwelling disposals are exempt from proportional payments to the Government as long as their use complies with statutory legislation.

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

t) Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of schools identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the council.

When a school that is held on the Council's balance sheet transfers to Academy status the Council accounts for this as a disposal for nil consideration, on the date that the school converts to Academy status, rather than as an impairment on the date that approval to transfer to Academy status is announced. Similarly, income and expense is only recognised up to the date that the School converts to Academy status.

u) Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the 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 MiRS from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of Council Tax.

v) 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 and 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.

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 and the arrangement conveys the right to use all but an insignificant amount in the utility of the asset.

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 write 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, and
- 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).

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from the 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 interest in the property – applied to write down the lease debtor (together with any premiums received) in the balance, and
- 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 MiRS. 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 MiRS. When the future rentals are received, the element for the capital receipt for the disposal of the asset is transferred to the Capital Receipts Reserve.

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

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.

w) Financial Instruments

Financial Liabilities

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

For most of the borrowings that the 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 authority 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 or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The categorisation of individual financial assets will depend on whether the financial instrument is ‘solely principal and interest’ (SPPI) or on the business model being used to hold that asset. The ‘solely principal and interest’ refers to the cashflows of the instrument and will be the first test to apply. This will cover most short-term lending and other deposits with financial institutions, as well as most loans to third parties. These assets will be held at amortised cost. Where the business model is to support a commercial activity with the objective of generating returns to support Council services then the financial instrument will be deemed to be held at fair value through profit or loss. If the business model to hold a particular financial instrument is to provide a Council service or support a Council policy then it will be classified at fair value through other comprehensive income.

Financial Assets Measured at 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 is the amount receivable for the year in the loan agreement.

Where the Council makes loans to voluntary organisations at less than market rates (soft loans), a loss is recorded in the CIES (debited to the appropriate service) 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 and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase 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 in the Movement in Reserves Statement.

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

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], 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 authority.

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.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the 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 the Surplus or Deficit on the Provision of Services.

The fair value measurements of 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 authority 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 Comprehensive Income and Expenditure Statement.

Financial Assets Measured at Fair Value through Other Comprehensive Income

The Council has the option to designate investments in equity instruments to FVOCI. This will be appropriate where the investment is made to meet service objectives of the Council and where the primary purpose is not to generate a financial return.

x) Value Added Tax (VAT)

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

Note 2 Accounting Standards issued but not yet adopted

The Council is required to disclose information setting out the impact of an accounting standard that has been issued but not yet adopted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code).

At the Balance Sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice on Local Government Accounting in the United Kingdom:

IFRS16 - Leases
This accounting standard removes the existing classifications of operating and finance leases under IAS 17 (Leases for lessees).

It will require local authorities that are leases to recognise most leases on their balance sheets as a right-of-use asset, with corresponding lease liabilities. From 1 April 2024, the authority will apply IFRS 16 Leases as adopted by the CIPFA Code of Accounting Practice to replace the previously applied standards of IFRIC 4 and IAS 17 for Leases. The main impact of the new requirements is for Lessees in that for arrangements previously accounted for as an operating lease (i.e. without recognising the leased property as an asset and future rents as liability) a right of use asset and a lease liability are to be brought onto the balance sheet as at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.
IFRS 16 will be applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right of use assets and lease liabilities will be calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

The authority is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The authority will account for its leases in accordance with IFRS 16 from the date of application of 1 April 2024.

The 2024/25 period will be the transitional period whereby the full implications of the standard will be adopted and prepared and the impact for the Authority will be determined. This change in accounting standard will be included as part of the financial statements for the year ended 31 March 2025.

The impact of this on the balance sheet for 2024/25 is that for contracts that come under the scope of IFRS16, the authority will need to recognise the value of the assets involved as Property, Plant & Equipment under Long Term Assets and recognise outstanding liabilities in relation to this under Long Term Liabilities with a smaller amount for principal due within 12 months under Current Liabilities. In the CIES the impact will be an increase in interest payable but a greater reduction in gross expenditure for cost of services as lease payments previously accounted for as cost of services expenditure will be instead split between interest payable under Financing & Investment Income and repayment of the liability on the balance sheet. The repayment of the liability amount will also be reflected by an increase in

Minimum Revenue Provision (MRP) in the Movement In Reserves Statement. The additional PPE and MRP will both be reflected in the Capital Financing Requirement (Note 16), reflecting that lease contracts will be treated as capital rather than revenue.
Work is ongoing at present, but there is not currently sufficient information to make a reliable estimate of the value of the impact this will have on the financial statements.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies as set out in Note 1, the council has had to make certain judgements about the complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Group Account boundaries have been estimated using the criteria associated with the Code of Practice. The Council has recognised the significant interest in Achieving for Children (AfC) CIC which it jointly owns with the London Borough of Richmond Upon Thames and the Royal Borough of Windsor and Maidenhead. From the Council's perspective, AfC is considered to be a Joint Venture which is consolidated into the Council's Group Accounts using the equity method.

- The new joint venture Cambridge Road (RBK) LLP has increased its economic activity during the 2023/24 financial year to a material level and the joint venture has therefore been included in the Council's Group Accounts.

- Kingston Upon Thames Investments Ltd and RBK Holdings Ltd are both dormant and as such the activity within their accounts is minimal and not material enough to be included in the Group Accounts.

- As with previous years the Council has not consolidated into Group Accounts its interest in Kingston Theatre LLP on the grounds that they do not have a material effect on the overall financial statements and therefore their inclusion would not provide any further benefit to the users of the Statement of Accounts. The Council's shareholding in Kingston Theatre LLP is recognised as an investment within the accounts and measured at Fair Value. The Council's share of any profits or losses made by the LLP has been recognised through the Council's CIES.

- The South London Waste Partnership (SLWP), is a joint operation with three other boroughs and is not included for consideration in being part of the Group Accounts. It is merely a cost sharing arrangement where there is no intention to make profit. The entity does not trade but instead collects cost from the waste activities for the four boroughs which are paid for proportionately, similar to a levying arrangement. The proportionate cost of the entity is shown in the Council's single entity accounts. The SLWP also does not have any Long Term Assets on its Balance Sheet.

- In line with accepted practice, the Council has recognised Community, Voluntary Controlled and Foundation Schools on the Council's balance sheet. Individual assessments are made on a case by case basis for Voluntary Aided Schools and in practice this has led to the recognition of 4 such schools, whilst Free and Academy Schools remain excluded from the balance sheet.

Note 4 Assumptions made about the future and other major sources of estimation uncertainty

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Properties are subject to full valuation by a qualified valuer under a rolling programme at least once every five years. Where there has been significant works carried out to the asset and completed during the year, the asset is subject to a full valuation. Any property of a value greater than 1% of the total of land and buildings as at the beginning of the financial year and any property which has a book value of over 1.5 million that hasn't been revalued in the last 3 years is subject to revaluation. Additionally, any property that has not been revalued in the last 5 years will also be revalued. The valuation in 2023/24 was conducted by Cluttons LLP using different valuation methodologies in line with the authority's accounting policy on PPE valuations which is set out in Note 1. Valuation methodologies of Existing Use Value (EUV) and Existing Use Value - Social Housing (EUV-SH) are conducted with reference to comparable recent market transactions using indices and data from third parties such as Land Registry and the Valuation Office Agency. The Depreciated Replacement Cost (DRC) valuation methodology used for specialised properties further takes into account the replacement cost, age, condition, land values and other factors specific to the assets. The Housing Revenue Account (HRA) residential portfolio was valued utilising a beacon methodology. In order to value the whole portfolio, it was necessary to research a number of information sources. These include sales of directly comparable property, changes of income flow for non-residential HRA property, information available at a local level showing house price movement plus regional and National Indices.	The effect of any over or under estimation on the revaluation of property, plant and equipment cannot be quantified until an asset is disposed of. A reduction of 1% in the value of PPE that is held at current value at 31.3.2024 would reduce the balance sheet value by £9.099m.
	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. The Council's accounting policy is to depreciate assets on their brought forward values as at the 1st of April and any effects of in-year revaluations are not taken into account until the year following the revaluation.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £2.752m for every year that useful lives had to be reduced. If significant revaluation increases or impairments were experienced there is a risk that the charge for depreciation to reflect the economic consumption of the asset may be over or under stated.

Assumptions made about the future and other major sources of estimation uncertainty (continued)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair Value of Investment Property	The Investment Properties are measured at fair value, using income or market approach valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible unobservable inputs, which require judgement, are used to establish fair values. The significant unobservable inputs used in the fair value measurement include assumptions regarding passing rents and yields, estimated sale values, revenue streams and discount rates.	Significant changes in any of the observable inputs would result in a significantly lower or higher fair value measurement for the investment properties. A 16% reduction in fair value of investment property would result in a change of £9.255m, although this would not result in a charge to the general fund under local authority accounting practices.
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. There is further uncertainty arising from a Court of Appeal judgement that found the transitional protections introduced to the judicial and firefighters' scheme in 2015 discriminated on grounds of age. This ruling had implications for all public sector schemes that used transitional protections, including the LGPS in England and Wales. The regulation changes required to remedy came into force on 1 October 2023. Some pooled property funds have a degree of uncertainty surrounding their values. Their illiquidity was highlighted	The effects on the net pension fund liability for the Royal Borough of Kingston pension fund can be measured. For example a 0.1% decrease in the discount rate assumption would result in an approximate increase of £9.7m in the Council's pension liability; a 0.1% increase in the pension increase rate would increase the liability by approximately £9.3m and a 0.1% increase in the salary increase rate would increase the liability by approximately £0.6m. A 1 year life expectancy increase would result in 4% increase to Defined Benefit Obligation. The potential impact of the McCloud case has been assessed by the Government Actuary Department (GAD) on a national LGPS-wide basis using a range of remedies and assumptions. The Council's actuaries have applied the same assumptions as used to prepare the IAS19 report to the remedies in the GAD review which indicate a potential increase in pension liabilities of £1m at the time of calculation in 2019 . This figure is included in the past service cost and is based on a worst case scenario that will be reduced if the remedies proposed are not as extensive as in the original GAD report. In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. The authority is monitoring developments in terms of whether there is expected to be any impact on LGPS Funds and will consider if there are any implications for the pension scheme. As a result the authority does not consider it necessary to make allowance for the potential impact of the Virgin media case in its financial statements.

Note 5 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (Government grants, rents, Council Tax and Business Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24	As Reported to Corporate & Resources Committee	Adjustment to arrive at net amount charged to GF and HRA	**Net Expenditure Chargeable to the General Fund and HRA Balances**	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
	£'000	£'000	£'000	£'000	£'000
Adult Social Care	57,061	1,005	58,066	1,162	59,228
Chief Executive's	1,246	-	1,246	(11)	1,235
Corporate and Communities	50,670	(18,578)	32,092	12,773	44,865
Place	10,022	4,038	14,060	8,157	22,217
Learning and Children's services (incl schools)	44,165	1,505	45,670	(2,466)	43,204
Housing Revenue Account	(3,894)	(2,282)	(6,176)	27,623	21,447
Net cost of services	159,270	(14,312)	144,958	47,238	192,196
Other Operating Expenditure		586	586	(932)	(346)
Financing and investment income		(194)	(194)	3,166	2,972
Taxation and non-specific grants	(159,965)	14,403	(145,562)	(48,415)	(193,977)
Transfer from Economic Risk Reserve	(970)	970	-		-
Transfer from Debt Collection Risk Reserve	(2,229)	2,229	-		-
(Surplus) or Deficit on provision of services	**(3,894)**	**3,682**	**(212)**	**1,057**	**845**
Opening General Fund and HRA Balances			(88,676)		
Add surplus/ deficit on GF & HRA Balance in year			(212)		
Closing General Fund and HRA Balances			**(88,888)**		

Note 5 Expenditure and Funding Analysis (continued)

2022/23 Comparative Figures	As Reported to Corporate & Resources Committee	Adjustment to arrive at net amount charged to GF and HRA	**Net Expenditure Chargeable to the General Fund and HRA Balances**	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Adult Social Care	50,787	931	**51,718**	6,657	58,375
Chief Executive's	1,112	-	**1,112**	106	1,218
Corporate and Communities	53,825	(16,513)	37,312	5,440	42,752
Place	4,569	5,939	10,508	5,834	16,342
Learning and Children's services (incl schools)	37,866	(4,158)	33,708	3,097	36,805
Housing Revenue Account	(3,101)	(3,802)	(6,903)	799	(6,104)
Net cost of services	**145,058**	**(17,603)**	**127,455**	**21,933**	**149,388**
Other Operating Expenditure		561	561	(11,333)	(10,772)
Financing and investment income		2,784	2,784	12,960	15,744
Taxation and non-specific grants	(148,372)	11,999	(136,373)	(29,651)	(166,024)
Transfer to Economic Risk Reserve	212	(212)	-	-	-
(Surplus) or Deficit on provision of services	**(3,102)**	**(2,471)**	**(5,573)**	**(6,091)**	**(11,664)**
Opening General Fund and HRA Balances			(83,103)		
Add surplus/ deficit on GF & HRA Balance in year			(5,573)		
Closing General Fund and HRA Balances			**(88,676)**		

Note 5a Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis

Adjustment from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts.

Reserve Adjustments	Levy Adjustment	Adjustments other	**Adjustment to arrive at net amount charged to GF and HRA**	**2023/24**	Adjustment for Capital Purposes	Net Changes for the Pensions Adjustments	Other Adjustments between accounting and funding basis	**Adjustments between Funding and Accounting Basis**
£'000	**£'000**	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	**£'000**
961	-	44	**1,005**	Adult Social Care	1,498	(383)	47	**1,162**
-	-	-	**-**	Chief Executive's	-	(21)	10	**(11)**
(7,892)	(586)	(10,100)	**(18,578)**	Corporate and Communities	14,285	(1,561)	49	**12,773**
(12)	-	4,050	**4,038**	Place	8,271	(205)	91	**8,157**
1,613	-	(108)	**1,505**	Learning and Childrens' (incl Schools)	(1,158)	(810)	(498)	**(2,466)**
-	-	(2,282)	**(2,282)**	HRA	27,757	(142)	8	**27,623**
(5,330)	**(586)**	**(8,396)**	**(14,312)**	Net cost of services	**50,653**	**(3,122)**	**(293)**	**47,238**
-	586	-	**586**	Other Operating Expenditure	(932)	-	-	**(932)**
-	-	(194)	**(194)**	Financing and investment income	3,063	(463)	566	**3,166**
5,813	-	8,590	**14,403**	Taxation and non - specific grants	(41,967)	-	(6,448)	**(48,415)**
970			**970**	Transfer from Economic Risk Reserve				
2,229	-	**-**	**2,229**	Transfer from Debt Collection Risk Reserve	-	-	**-**	-
3,682	**-**	**-**	**3,682**	Difference between GF/HRA (surplus)/ deficit and CIES (surplus) /deficit	**10,817**	**(3,585)**	**(6,175)**	**1,057**

Note 5a Note to the Expenditure and Funding Analysis (continued)

Adjustments between Funding and Accounting Basis

Reserve Adjustments	Levy Adjustment	Adjustments other	**Adjustment to arrive at net amount charged to GF and HRA**	**2022/23**	Adjustment for Capital Purposes	Net Changes for the Pensions Adjustments	Other Difference Expenditure Statements	**Adjustments between Funding and Accounting Basis**
£'000	**£'000**	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	**£'000**
931	-	-	**931**	Adult Social Care	3,702	2,991	(36)	**6,657**
-	-	-	**-**	Chief Executive's	-	132	(26)	**106**
(6,830)	(561)	(9,122)	**(16,513)**	Corporate and Communities	(762)	6,268	(66)	**5,440**
529	-	5,410	**5,939**	Place	4,568	1,269	(3)	**5,834**
(4,047)	-	(111)	**(4,158)**	Learning and Childrens' (incl Schools)	642	2,496	(41)	**3,097**
-	-	(3,802)	**(3,802)**	HRA	(86)	899	(14)	**799**
(9,417)	**(561)**	**(7,625)**	**(17,603)**	Net cost of services	**8,064**	**14,055**	**(186)**	**21,933**
-	561	-	**561**	Other Operating Expenditure	(11,333)	-	-	**(11,333)**
-	-	2,784	**2,784**	Financing and investment income	8,585	4,629	(254)	12,960
7,158	-	4,841	**11,999**	Taxation and non - specific grants	(21,816)	-	(7,835)	**(29,651)**
(212)	-	**-**	**(212)**	Transfer to Economic Risk Reserve	-	-	**-**	-
(2,259)	**-**	**-**	**(2,471)**	Difference between GF/HRA (surplus)/ deficit and CIES (surplus) /deficit	**(16,500)**	**18,684**	**(8,275)**	**(6,091)**

Note 5b Expenditure and Income Analysed by Nature

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

2022/23		2023/24
£000		**£000**
	Expenditure	
140,630	Employee benefits expenses	128,849
297,843	Other service expenses	327,108
18,534	Depreciation, amortisation and impairment	60,232
-	Loss on disposal of non-current assets	-
16,123	Interest payments	10,594
561	Precept and Levies	586
8,585	Loss on Investment Property Revaluation	12,712
482,276	**Total Expenditure**	**540,081**
	Income	
(92,192)	Fees and charges and other service income	(97,828)
(11,333)	Gain on disposal of non-current assets	(932)
(126,338)	Income from Council Tax and Business Rates	(139,606)
(255,114)	Government grants and contributions	(280,535)
(8,963)	Interest and investment income	(20,335)
(493,940)	**Total Income**	**(539,236)**
(11,664)	**(Surplus) or Deficit on Provision of Services**	**845**

Note 6 Other Operating Expenditure

2022/23		2023/24
£'000		£'000
561	Levies paid to Other Local and Public Authorities	586
-	Payment to the Government Housing Capital Receipts Pool	-
(11,333)	Net Losses/(Profit) on the disposal of non-current assets	(932)
(10,772)	**TOTAL**	**(346)**

Note 7 Financing and Investment Income and Expenditure

2022/23		2023/24
£'000		£'000
11,494	Interest payable and similar charges	11,057
4,629	Net interest on the net defined benefit pension scheme liability	(463)
(2,520)	Interest income	(6,903)
(251)	Interest receivable from finance leases	(2,736)
3,175	Income and expenditure in relation to investment properties and changes in their fair value	8,910
(783)	Other investment income	(6,893)
15,744	**TOTAL**	**2,972**

Note 8 Taxation and non-specific grant income

This note consolidates all non-specific grants and contributions receivable that are not allocated to particular service areas and therefore cannot be credited to the gross income amount relevant to that service area. All capital grants and contributions are credited to non-specific grant income even if service specific.

2022/23		2023/24
£'000		**£'000**
(110,611)	Council Tax Income	(119,982)
(15,492)	Business Rates Retention Scheme	(19,625)
(15,934)	Non-ringfenced government grants	(10,057)
(23,987)	Capital grants and contributions	(44,313)
(166,024)	**Total Credited to Taxation and Non-Specific Grant Income**	**(193,977)**

Note 9 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22:

2022/23	Grants Credited to Taxation and Non-Specific Grant Income	2023/24
£'000		**£'000**
	Non-ringfenced government grants:	
(506)	New Homes Bonus	(781)
(13,288)	Section 31 Business Rate Grant	(7,810)
(1,521)	Services Grant	(892)
(619)	Other Non-ringfenced government grants	(574)
(15,934)	**Total**	**(10,057)**

Note 9 Grant Income (continued)

2022/23		2023/24
£'000	**Capital Grants and Contributions:**	£'000
(551)	Transport for London	(566)
-	Schools Basic Need	(12,126)
(5,700)	Schools Capital funding	(6,097)
(1,520)	Disabled Facilities	(1,653)
(4,971)	Community Infrastructure Levy	(5,420)
(3,618)	GLA Cambridge Road Estate Grant	(16,637)
(7,626)	Other Capital Grants and Contributions	(1,814)
(23,986)	**Total**	**(44,313)**

Note 9 Grant Income (continued)

2022/23	Revenue Grants Credited to Services	2023/24
£'000		£'000
	Adult Social Care Discharge Fund	(893)
(47,001)	Benefit Subsidy	(46,192)
	Better Care Fund contribution from ICB	(4,188)
(1,840)	Improved Better Care Fund	(1,840)
	Health Funding for Children's Services	(3,324)
	GLA Contribution for Free Schools Meal Programme	(4,411)
(1,731)	Covid 19 - Household Support Fund - Households With Children	(2,649)
(491)	Covid Business Support	-
(90,047)	Dedicated Schools Grant	(93,681)
(607)	Energy Bills Council Tax Rebate (Discretionary Fund)	(82)
(1,877)	Homelessness Prevention Grant	(2,204)
(2,081)	Homes for Ukraine	(1,670)
(967)	Leaving Care - Grant Funding	(1,092)
	Market Sustainability & Fair Cost of Care Grant	(2,214)
(2,907)	PE & Sports Grant	(3,402)
(10,759)	Public Health Grant	(11,111)
(4,620)	Pupil Premium	(5,223)
(1,613)	Rough Sleepers Initiative	(1,547)
(1,359)	School Supplementary Grant	(1,633)
(1,162)	Skills Funding Agency Funding	(935)
(4,481)	Social Care Support Grant	(7,473)
(445)	Troubled Families Grant	(593)
(1,049)	Unaccompanied Asylum Seeking Children (UASC)	(1,060)
(1,487)	Universal Infants Free School Meals	(1,630)
(8,541)	Other Revenue Grants & Contributions Credited to Services	(28,059)
(185,065)	**Total Revenue Grants included in Cost of Services**	**(227,106)**

Note 10 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 authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year end.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or reduce the Council’s underlying need to borrow (the capital financing requirement), or in line with the Council’s flexible use of capital receipts strategy. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Grants Unapplied

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

Note 10 Adjustments between accounting basis and funding basis under regulations (continued)

2023/24	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts Reserve	Non-usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:						
Charges for depreciation	(23,064)	(5,760)	-	-	-	**28,824**
Revaluation losses on Property Plant & Equipment	(701)	(28,117)	-	-	-	**28,818**
Amortisation of Intangible Assets	(2,590)	-	-	-	-	**2,590**
Movements in the market value of investment properties	(12,712)	-	-	-	-	**12,712**
Capital Grants and contributions applied	19,625	-	-	-	-	**(19,625)**
Revenue expenditure funded from capital under statute	(2,180)	-	-	-	-	**2,180**
Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(19,336)	(14,440)	-	-	-	**33,776**
Statutory provision for repayment of debt	6,444	-	-	-	-	**(6,444)**
Any voluntary provision for repayment of debt	-	-	-	-	-	**-**
Capital expenditure charged against the General Fund and HRA balances	1,208	361	-	-	-	**(1,569)**
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CIES	22,341	-	(22,341)	-	-	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	16,844	-	-	**(16,844)**
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	25,319	9,444	-	-	-	**(34,763)**

Note 10 Adjustments between accounting basis and funding basis under regulations (continued)

2023/24 (continued)	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts Reserve	Non-usable Reserves
	£'000	£'000	£'000	£'000	£'000	**£'000**
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on the disposal to the CIES	3,327	4,258	-	-	(7,585)	**-**
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-	7,080	**(7,080)**
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-	-	**-**
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts pool	-	-	-	-	-	**-**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	-	**-**
Use of capital receipts for revenue purposes	-	-	-	-	-	**-**
Receipt of loan repayments into the Capital Receipts Reserve	-	-	-	-	(6,461)	**6,461**
Application of loan repayments to finance the write of loan debtors	-	-	-	-	6,461	**(6,461)**
Adjustments primarily involving the Major Repairs Reserve:						
Contribution to Major Repairs Reserve	-	5,760	-	(5,760)	-	**-**
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	8,128	-	**(8,128)**
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(546)	-	-	-	-	**546**
Adjustments primarily involving the Financial Instruments Revaluation Reserve:						
Impairment Losses	(21)	-	-	-	-	**21**
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited to the CIES (see Note 31)	(12,609)	(685)	-	-	-	**13,294**
Employers Pensions contributions and direct payments to pensioners payable in the year	16,026	851	-	-	-	**(16,877)**

Note 10 Adjustments between accounting basis and funding basis under regulations (continued)

2023/24 (continued)	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts Reserve	Non-usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax income and residual community charge adjustment included in the CIES is different from the amount taken to the General Fund in accordance with regulation	6,447	-	-	-	-	**(6,447)**
Adjustments primarily involving the DSG Adjustment Account:						
Contribution (to)/from DSG Adjustment account	-	-	-	-	-	**-**
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	301	(8)	-	-	-	**(293)**
Total Adjustments	**27,279**	**(28,336)**	**(5,497)**	**2,368**	**(505)**	**4,691**

Note 10 Adjustments between accounting basis and funding basis under regulations (continued)

2022/23 Comparative Figures	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts Reserve	Non-usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:						
Charges for depreciation	(20,896)	(5,756)	-	-	**-**	**26,652**
Revaluation gains/losses on Property Plant & Equipment	10,850	(530)	-	-	**-**	**(10,320)**
Amortisation of Intangible Assets	(2,187)	(15)	-	-	**-**	**2,202**
Movements in the market value of investment properties	(8,585)	-	-	-	**-**	**8,585**
Capital Grants and contributions applied	12,877	-	-	-	**-**	**(12,877)**
Revenue expenditure funded from capital under statute	(1,172)	-	-	-	**-**	**1,172**
Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(2,567)	(875)	-	-	**-**	**3,442**
Statutory provision for repayment of debt	5,897	-	-	-	**-**	**(5,897)**
Any voluntary provision for repayment of debt	-	-	-	-	**-**	**-**
Capital expenditure charged against the General Fund and HRA balances	302	616	-	-	**-**	**(918)**
Adjustments primarily involving the Capital Grants Unapplied Account:						**-**
Capital grants and contributions unapplied credited to the CIES	8,939	-	(8,939)	-	**-**	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	2,838	-	**-**	**(2,838)**
Adjustments primarily involving the Deferred Capital Receipts Reserve:	-	-	-	-	-	**-**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	(28)	-	-	-	**-**	**28**

Note 10 Adjustments between accounting basis and funding basis under regulations (continued)

2022/23 Comparative Figures (continued)	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts Reserve	Non-usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on the disposal to the CIES	7,629	7,146	-	-	(14,775)	**-**
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-	8,552	**(8,552)**
Use of capital receipts for revenue purposes	(916)	-	-	-	916	**-**
Adjustments primarily involving the Major Repairs Reserve:						
Contribution to Major Repairs Reserve	-	5,771	-	(5,771)	-	**-**
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	10,147	-	**(10,147)**
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(528)	-	-	-	-	**528**
Adjustments primarily involving the Financial Instruments Revaluation Reserve:						
Impairment Losses	783	-	-	-	-	**(783)**
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited to the CIES (see Note 31)	(31,533)	(1,925)	-	-	-	**33,458**
Employers Pensions contributions and direct payments to pensioners payable in the year	14,024	749	-	-	**-**	**(14,773)**

Note 10 Adjustments between accounting basis and funding basis under regulations (continued)

2022/23 Comparative Figures (continued)	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts Reserve	Non-usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax income and residual community charge adjustment included in the CIES is different from the amount taken to the General Fund in accordance with regulation	7,835	-	-	-	-	**(7,835)**
Adjustments primarily involving the DSG Adjustment Account:						
Contribution (to)/from DSG Adjustment account	-	-	-	-	-	**-**
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	172	14	-	-	-	**(186)**
Total Adjustments	**896**	**5,195**	**(6,101)**	**4,376**	**(5,307)**	**941**

Note 11 Transfers to/from earmarked and usable reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2021/22.

Earmarked Reserves	Balance 31 March 2022	Transfers In	Transfers Out	Transfers Between	Balance 31 March 2023	Transfers In	Transfers Out	Transfers Between	Balance 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reserves earmarked for future revenue expenditure:									
Covid-19 Related Reserves:									
Covid-19 Grant Carry forward reserve	**(5,311)**	-	2,480	-	**(2,831)**		1,307		**(1,524)**
Covid-19 Expanded Business Rate Relief Grant carry forward	**-**	-	-	-	**-**				**-**
Covid-19 Hardship Funding pending allocation	**(612)**	-	-	-	**(612)**	(138)			**(750)**
Covid-19 Local Restrictions Support Grant pending allocation	**-**	-	-	-	**-**				**-**
Corporate Reserves:									
Strategic Investment Reserve	**(7,215)**	(1,472)	2,535	-	**(6,152)**	(1,050)	3,055	1,149	**(2,998)**
Collection Fund Risk Reserve	**(6,543)**	-	-	-	**(6,543)**				**(6,543)**
Revenue Grants Unapplied Reserve	**(2,320)**	-	-	465	**(1,855)**		90		**(1,765)**
Redundancy Reserve	**(1,686)**	(413)	-	-	**(2,099)**	(752)			**(2,851)**
Election Reserve	**(500)**	(92)	431	-	**(161)**	(112)			**(273)**
Company Loss Reserve	**(702)**	-	-	-	**(702)**				**(702)**
Children's Services and Education Reserve	**(1,420)**	(1,270)	1,270	-	**(1,420)**		5		**(1,415)**
Insurance Reserve	**(2,101)**	-	426	-	**(1,675)**	(65)			**(1,740)**
Local Plan Reserve	**(275)**	(130)	83	-	**(322)**	(50)			**(372)**
Economic Risk Reserve	(758)	(212)	-	-	**(970)**		970		**-**
Debt Collection Risk Reserve	(2,376)	-	-	-	**(2,376)**		2,229		**(147)**
MRP Equalisation Reserve	**(3,839)**	-	-	-	**(3,839)**				**(3,839)**

Transfers To/From Earmarked Reserves (continued)

Earmarked Reserves	Balance 31 March 2022	Transfers In	Transfers Out	Transfers Between	Balance 31 March 2023	Transfers In	Transfers Out	Transfers Between	Balance 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Specific Reserves:									
Corporate and Communities	**(685)**	-	-	-	**(685)**	-	-	-	**(685)**
Children's Services	**(88)**	-	-	-	**(88)**	-	10	-	**(78)**
Adults Services	**(806)**		-	-	**(806)**	(423)	40	(1,149)	**(2,338)**
Statutory Reserves:									
On Street Parking Reserve	**-**	(3,364)	3,364	-	**-**	(2,469)	2,469	-	**-**
Bus Lane Enforcement Reserve	**1**	(626)	626	-	**1**	(657)	657	-	**1**
Moving Traffic Contravention Reserve	**1**	(1,868)	1,868	-	**1**	(2,166)	2,166	-	**1**
Kingston Theatre LLP Retained Profits Reserve	**(894)**	(9)	**-**	**-**	**(903)**	-	80	-	**(823)**
Other Revenue Funds:									
Coombe Estate Reserve	**(73)**	(9)	-	-	**(82)**	(9)	-	-	**(91)**
Earmarked Revenue Grants Funding	**(9,619)**	(2,587)	1,400	(465)	**(11,271)**	(1,921)	1,465	-	**(11,727)**
Total earmarked for future revenue expenditure	**(47,822)**	**(12,052)**	**14,483**	**-**	**(45,390)**	**(9,812)**	**14,543**	**-**	**(40,659)**
HRA Earmarked Reserves:									
HRA Earmarked Reserves	**(616)**	-	-	-	**(616)**	-	-	-	**(616)**
Total HRA earmarked reserve	**(616)**	**-**	**-**	**-**	**(616)**	**-**	**-**	**-**	**(616)**

Transfers To/From Earmarked Reserves (continued)

Schools									
Schools (held by Schools under delegated schemes)	**(5,574)**	(945)	533	-	**(5,986)**	(1,527)	571	-	**(6,942)**
Unallocated DSG	**(2,581)**	(5,007)	-	-	**(7,588)**	(95)	-	-	**(7,683)**
Total Schools	**(8,155)**	**(5,952)**	**533**	**-**	**(13,574)**	**(1,622)**	**571**	**-**	**(14,625)**
Reserves earmarked for future capital expenditure:									
Kingston Bridge Reserve Fund	**(565)**	**-**	**518**	**-**	**(47)**	**-**		**-**	**(47)**
Gloucester Rd Bridge Reserve	**(83)**	-	-	-	**(83)**	-	-	-	**(83)**
Other earmarked capital reserves	**(1,865)**	-	-	-	**(1,865)**	-	-	-	**(1,865)**
Total earmarked for future capital expenditure	**(2,513)**	**-**	**518**	**-**	**(1,995)**	**-**	**-**	**-**	**(1,995)**
Total earmarked reserves	**(59,106)**	**(18,004)**	**15,534**	**-**	**(61,575)**	**(11,434)**	**15,114**	**-**	**(57,895)**
General Fund balance	**(19,632)**	-	-	-	**(19,632)**	(1)	-	-	**(19,633)**
HRA Fund Balance	**(4,365)**	**(3,101)**	**0**	**0**	**(7,466)**	(3,894)			**(11,360)**
Total	**(83,103)**	**(21,105)**	**15,534**	**-**	**(88,673)**	**(15,329)**	**15,114**	**-**	**(88,888)**

Further information about the purpose of the reserves held is set out below:

Corporate Reserves:

Strategic Investment Reserve – set aside to fund the Council's strategic and transformational priorities

Revenue Grants Unapplied Reserve – used to carry forward non-ring fenced grants or other carry forward amounts to meet the cost of operational priorities in the following year.

Covid 19 Grant carry forward reserve - holds unspent amounts of Covid-19 grant funding where costs will impact the general fund in future years. The most significant items within this balance are Contain Outbreak Management Fund and Local Tax Income Guarantee funding.

Covid 19 Reserve - set aside to help mitigate the additional costs associated with the pandemic in future years.

Redundancy Reserve – for the potential liabilities resulting from redundancies from the Council's various transformational programmes

Election Reserve - funds set aside to fund the cost of local elections.

Company Loss Reserve – to cover the ownership share of any loss in AfC generated by the set up costs of the company.

Children's Service & Education Reserve - funds set aside to due additional pressures in both Education and Children's Services.

Local Plan Reserve - set aside to fund the cost of the statutory local plan

Economic Risk Reserve - funds to mitigate higher costs or lower income arising from fluctuations in economic conditions

Debt Collection Reserve - this reserve is held to mitigate a risk of lower rates of debt collection and therefore loss of income

MRP Equalisation Reserve - funds set aside to smooth the minimum revenue provision charge between financial years or to mitigate future changes in requirements on accounting for MRP

Service Specific Reserves:

Corporate & Communities – service specific reserve relating to heritage, residual reserve relating to a corporate project, the balance of which has now been transferred into the Strategic Investment Reserve.

Children's Services – specific reserves predominantly relating to the self-funding Education Kingston.

Adults Services – service specific reserve relating to the ringfenced public health grant.

Statutory Reserves:

On Street Parking reserve – the statutory On Street Parking Account surpluses. This reserve is used to meet qualifying expenditure in relation to transport and highways projects and concessionary fares.

Bus Lane Enforcement reserve – the statutory Bus Lane Enforcement Account surpluses. This reserve is used to meet qualifying expenditure in relation to transport and highways projects and concessionary fares.

Moving Traffic Contravention reserve – a statutory reserve for Moving Traffic Contravention surpluses. This reserve is used to meet qualifying expenditure in relation to transport and highways projects and concessionary fares.

Kingston Theatre LLP Retained Profits Reserve – reserve showing accounting adjustment related to Council's share of any retained profits from Kingston Theatre LLP. This is an accounting reserve and does not constitute available resource to the Council.

Other Revenue Funds:

Coombe Estate - Set aside for the maintenance and repair of the Coombe Estate Roads.

Earmarked Revenue Grants Funding – containing unspent grants which have no specific conditions.

Other Funds:

Insurance Reserve – established to underwrite a proportion of the Council's insurable risks. Held in conjunction with the Council's Insurance provision.

Schools (held by Schools under delegated Schemes) – this balance is comprised of unspent revenue balances held by Schools at year end which may be applied the following year. The balances can only be used by the Schools and are not available to the Council for general use.

Reserves Earmarked for future capital expenditure

Kingston Bridge Reserve Fund – earmarked and ring fenced for expenditure on the maintenance of Kingston Bridge.

Gloucester Rd Bridge Reserve – earmarked and ring fenced for expenditure on the maintenance of Gloucester Road Bridge.

Other funds - set aside for use on capital expenditure

Note 12 Unusable Reserves

31 March 2023		31 March 2024
£'000		£'000
(439,687)	Revaluation Reserve	(379,952)
(393,351)	Capital Adjustment Account	(353,327)
(8,702)	Pensions Reserve	(59,041)
(937)	Financial Instruments Adjustment Account	(391)
(8,040)	Deferred Capital Receipts	(42,803)
1,684	Collection Fund Adjustment Account	(4,763)
2,434	Accumulated Absences Account	2,141
(855)	Financial Instruments Revaluation Reserve	(834)
12,402	Dedicated Schools Grant Adjustment Account	12,402
(835,052)	**TOTAL**	**(826,568)**

Note 12 Unusable Reserves (continued)

a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority 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.

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

The table below details the movements through the Revaluation Reserve for 2022/23 and 2023/24.

2022/23		2023/24
£'000		£'000
(405,514)	**Balance at 1 April**	**(439,687)**
(105,280)	Upward revaluation of assets	(56,664)
64,936	Downward revaluation of assets and impairment losses not charged to the surplus/(deficit) on the provision of services	107,214
(40,344)	Surplus or deficit on revaluation of non current assets not posted to the surplus/(deficit) on the provision of services	50,550
3,877	Difference between current value depreciation and historical cost depreciation	7,849
2,294	Accumulated losses on assets sold or scrapped	1,336
6,171	Amount written off to the Capital Adjustment Account	9,185
(439,687)	**Balance at 31 March**	**(379,952)**

b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

The table below details the transactions that took place on the Capital Adjustment Account for 2022/23 and 2023/24.

2022/23		2023/24
£'000		**£'000**
(377,687)	**Balance at 1 April**	(393,351)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
26,652	Charge for depreciation and impairment of non-current assets	28,824
-	Impairment of available for sale financial assets	-
(10,320)	Revaluation gains/(losses) on Property, Plant and Equipment	28,818
2,202	Amortisation of intangible assets	2,590
1,172	Revenue expenditure funded from capital under statute	2,180
3,442	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	33,775
-	Amounts of long term debtor written down by loan repayment	6,461
23,148		**102,648**
(3,876)	Difference between current value depreciation and historical cost depreciation	(7,849)
(2,293)	Accumulated losses on assets sold or scrapped	(1,336)
16,979	**Net written out amount of the cost of non-current assets consumed in the year**	**93,463**

Note 12 Unusable Reserves (continued)

Capital Adjustment Account (continued)

2022/23		2023/24
£'000		£'000
	Capital financing applied in the year:	
-	Loan repayments from Capital Receipts Reserve to finance write down of long term debtor	(6,461)
(8,552)	Use of the Capital Receipts Reserve to finance new capital expenditure	(7,080)
(10,147)	Use of the Major Repairs Reserve to finance new capital expenditure	(8,128)
(12,877)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(19,625)
(2,837)	Application of grants to capital financing from the Capital Grants Unapplied Account	(16,844)
(5,897)	Statutory provision for the financing of capital investment charged against the General Fund and HRA Balances	(6,444)
-	Voluntary provision for the repayment of debt	-
-	Funded from Revenue Reserves	-
(918)	Capital expenditure charged against General Fund and HRA balances	(1,569)
(41,228)		**(66,151)**
8,585	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	12,712
(393,351)	**Balance at 31 March**	**(353,327)**

c) Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2022/23		2023/24
£'000		**£'000**
165,720	**Balance at 1 April**	**(8,702)**
(193,107)	Remeasurement of the net defined benefit liability	(61,916)
-	Application of asset ceiling	15,160
(14,773)	Actual contributions from employers including unfunded element	(16,877)
28,080	Current Service Costs	13,757
749	Past service costs	-
-	Effect of settlements	-
4,629	Effect of interest costs	(463)
-	Effect of business combinations	-
(8,702)	**Balance at 31 March**	**(59,041)**

Note 12 Unusable Reserves (continued)

d) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the adjustments to Financials Instruments, mainly liabilities.

2022/23 £'000		2023/24 £'000
(1,465)	**Balance at 1 April**	**(937)**
(22)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements	-
550	Calculated interest on Loan from Greater London Authority	546

e) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the receipts from leases.

2022/23 £'000		2023/24 £'000
(8,069)	**Balance at 1 April**	**(8,040)**
29	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(34,763)
-	Transfer to the Capital Receipts Reserve upon receipt of cash	-
(8,040)	**Balance at 31 March**	**(42,803)**

f) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2022/23		2023/24
£'000		**£'000**
1,011	**Balance at 1 April - Council Tax**	**(1,034)**
(1,011)	Opening balance reversed back to the Collection Fund Control Account	1,034
(1,034)	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(4,436)
(1,034)	**Balance at 31 March**	**(4,436)**
8,509	**Balance at 1 April - Business Rates**	**2,718**
(8,509)	Opening balance reversed back to the Collection Fund Control Account	(2,718)
2,718	Amount by which Business Rates income credited to the Comprehensive Income and Expenditure Statement is different from Business Rates income calculated for the year in accordance with statutory requirements	(327)
2,718	**Balance at 31 March**	**(327)**

g) 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, i.e. annual leave entitlement carried forward at 31 March 2024. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from this Account.

2022/23		2023/24
£'000		£'000
2,620	**Balance at 1 April**	**2,434**
	Settlement or cancellation of accrual at the end of the preceding year	(2,434)
(186)	Amounts accrued at the end of the current year	2,141

h) Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains and losses made by the authority arising from increases and decreases in the value of its investments that are measured at fair value through other comprehensive income.

2022/23		2023/24
£'000		£'000
(72)	**Balance at 1 April**	**(855)**
-	Transfer of Available for Sale balances - IFRS 9 Categorisation	**-**
(795)	Upward revaluation of investments	-
12	Downward revaluation of investments	21
-	Change in impairment loss allowances	-
(855)	**Balance at 31 March**	**(834)**

Note 12 Unusable Reserves (continued)

i) Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account was created during 2021/22 by the statutory instrument “Schools and Early Years Finance (England) Regulations 2020”. It holds the Council’s cumulative DSG deficit, which was previously reported as an earmarked reserve under the heading “Unallocated DSG”. The purpose of this statutory instrument was to ensure school deficits are held separately from the Council’s general fund resources.

2022/23		2023/24
£’000		£’000
12,402	**Balance at 1 April**	**12,402**
-	Amount of Dedicated Schools Grant (surplus) / deficit transferred to unusable reserves	-
-	Contribution (to)/from DSG Adjustment account	**-**
12,402	**Balance at 31 March**	**12,402**

Note 13a Property Plant & Equipment

2023/24	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment*	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1st April 2023	**439,768**	**565,854**	**11,296**	**6,073**	**36,083**	**29,165**	**1,088,239**
Additions	14,557	565	9,578	-	-	56,053	80,753
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(35,919)	(4,988)			(25,144)		(66,051)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(23,314)	4,347			(3,681)		(22,648)
Derecognition - Disposals	(4,615)	(1,671)	(113)	(30)			(6,429)
Reclassifications/Transfers	(128)	(31,508)	25,836	(6)	(5,258)	(321)	(11,385)
At 31st March 2024	**390,349**	**532,599**	**46,597**	**6,037**	**2,000**	**84,897**	**1,062,479**

Note 13a Property Plant & Equipment (continued)

2023/24	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment*	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment							
At 1st April 2023	**(172)**	**(18,065)**	**(4,153)**	**-**	**-**	**-**	**(22,390)**
Depreciation charge	(5,596)	(14,022)	(2,316)	-	-	-	(21,934)
Depreciation charge written out to the Revaluation Reserve	5,586	14,793					20,379
Depreciation charge written out to the Surplus/Deficit on the Provision of Services							-
Derecognition - Disposals	54	127	45				226
Reclassifications/Transfers	128	2,200	(25,768)				(23,440)
At 31st March 2024	**-**	**(14,967)**	**(32,192)**	**-**	**-**	**-**	**(47,159)**
Net book value at 31st March 2024	390,349	517,632	14,405	6,037	2,000	84,897	1,015,320
Net book value at 31st March 2023	439,596	547,789	7,143	6,073	36,083	29,165	1,065,849
Nature of asset holding							
Owned	390,349	517,632	14,405	6,037	2,000	84,897	1,015,320
Leased							-
	390,349	**517,632**	**14,405**	**6,037**	**2,000**	**84,897**	**1,015,320**

Vehicles, plant, furniture and equipment with a net book value of nil were not included in note 13a in the comparative financial statements. The cost and accumulated depreciation of these assets have been reflected in the "reclassifications/ transfers" line of the note. As the council does not consider the effect on the prior period financial statements to be qualitatively material, this has been corrected in the current period.*

Note 13a Property Plant & Equipment (continued)

2022/23 Comparative Tables	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1st April 2022	**402,038**	**547,134**	**6,725**	**5,418**	**14,985**	**26,998**	**1,003,299**
Additions	20,862	5,241	4,571	655	413	19,542	51,284
Revaluation increases/(decreases) recognised in the Revaluation Reserve	20,545	(11,826)	-	-	21,746	-	30,465
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(542)	7,527	-	-	757	-	7,742
Derecognition - Disposals	(875)	(1,422)	-	-	(1,095)	-	(3,392)
Reclassifications/Transfers	(2,260)	19,200	-	-	(724)	(17,375)	(1,159)
At 31st March 2023	**439,768**	**565,854**	**11,296**	**6,073**	**36,082**	**29,165**	**1,088,239**

Note 13a Property Plant & Equipment (continued)

2022/23 Comparative Tables	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment							
At 1st April 2022	**(112)**	**(12,713)**	**(2,829)**	**-**	**-**	**-**	**(15,654)**
Depreciation charge	(5,425)	(12,702)	(1,324)	-	-	-	(19,451)
Depreciation charge written out to the Revaluation Reserve	5,317	4,570	-	-	-	-	9,887
Depreciation charge written out to the Surplus/Deficit on the Provision of Services	12	2,565	-	-	-	-	2,577
Derecognition - Disposals		251	-	-	-	-	251
Reclassifications/Transfers	36	(36)	-	-	-	-	-
At 31st March 2023	**(172)**	**(18,065)**	**(4,153)**	**-**	**-**	**-**	**(22,390)**
Net book value at 31st March 2023	439,596	547,789	7,143	6,073	36,082	29,165	1,065,849
Net book value at 31st March 2022	401,926	534,421	3,896	5,418	14,985	26,998	987,645
Nature of asset holding							
Owned	439,596	547,789	7,143	6,073	36,082	29,165	1,065,849
Leased							-
	439,596	**547,789**	**7,143**	**6,073**	**36,082**	**29,165**	**1,065,849**

Note 13a Property Plant & Equipment (continued)

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.

Infrastructure Assets	**2022/23**	**2023/24**
	£'000	**£'000**
Net book value at 1 April	**75,019**	**72,724**
Additions	4,906	5,923
Derecognition	-	-
Depreciation	(7,201)	(6,890)
Impairment	-	-
Other movements in cost	-	52
Net book value at 31 March	**72,724**	**71,809**

Total Property, Plant and Equipment reported on Balance Sheet	**2022/23**	**2023/24**
	£'000	**£'000**
Infrastructure assets **	72,724	71,809
Other Property, Plant and Equipment assets	1,065,849	1,015,320
Total Property, Plant and Equipment assets	**1,138,573**	**1,087,129**

Note 13a Property Plant & Equipment (continued)

Capital Commitments
As of 31 March 2023, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in future years.

The major commitments are:

Value of commitment 31 Mar 2023		Value of commitment 31 Mar 2024
£'000		**£'000**
580	Schools programme	16,622
906	General fund property programme	1,439
10,751	Public realm programme	352
1,021	Highways & transport programme	1,849
1,718	ICT programme	728
5,837	HRA housing	6,832
-	Cambridge Road Estate	56,779
20,813		**84,601**

Revaluations
The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at Current Value is re-valued at least every five years

In 2023/24, Council properties were re-valued if they met one of the following criteria:

- Property valued at more than 1% of the total value of other land and buildings
- Property with a carrying value above £1.5m not re-valued within the past 3 years
- any properties that have reached the maximum interval between valuations of 5 years.
- all Investment Properties
- any property classed as a Council Dwelling

All General Fund, HRA stock and investment property valuations were carried out by Cluttons LLP, Chartered Surveyor under the instruction of the Council's Asset services. Valuation 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. Where assets have been re-valued and the revaluation reserve balance for an asset is nil, a charge has been taken to the individual service lines within the Net Cost of Service of the Comprehensive Income and Expenditure Statement and reversed out to the Capital Adjustment Account.

Note 13a Property Plant & Equipment (continued)

These charges include the value of onward revaluations on properties with a nil or exhausted revaluation balance and upward revaluations for properties which previously had downward revaluation charges to the Comprehensive Income
& Expenditure Statement. The Revaluation reserve is credited with gains on revaluation of assets. Revaluation gains which are subsequently reversed through impairment or disposal of the asset are debited from the reserve.

Basis of Valuation

In determining the relevant methodology for valuation, the valuer has relied on the RICS Valuation - Global Standards 2017 - UK National Supplement, as well as the RICS Valuation - Global Standards 2021 ("The Red Book") and UK National Supplement (2019) which forms the basis for the valuation methodology, in accordance with the requirements of International Financial Reporting Standards.

General Assumptions

- All assets valued on a DRC or EUV basis an apportionment of each valuation has been made between land and buildings.
- All of the assets are held on an unencumbered freehold basis with the Title being good and marketable.
- Apportionment is provided for the financial purposes of RBK but this does not necessarily reflect how each asset would be treated in the open market.
- On the continuation of the existing uses for all of those properties that are owner occupied by RBK.
- That the properties are all occupied and/or operated in accordance with a valid planning permission.
- Free of any matters (including deleterious materials or contamination) that could otherwise affect value;
- None of the properties are prone to flooding or other infrequent or regularly occurring natural events that could affect value
- All necessary mains services are connected to the propertie
- Valuations based on DRC are only to be used for valuing specialised property that is owner occupied for inclusion in financial statements
- Market Value would usually be provided where we consider the property is either considered as an investment property, it is held as a surplus asset, or as an asset held for sale by RBK.
- EUV is used as the basis of valuation for the land owner occupied by RBK, together with any non-specialised buildings.
- The valuations are based on the market conditions prevailing at the valuation date and relevant adjustments to values have been made following an Impairment Review

Effect of changes in estimates - componentisation
For 2023/24 depreciation for Council dwellings has been calculated based on componentisation of blocks of similar properties (using beacon principles). This resulted in depreciation of £5.570m being charged to the HRA (2022/23 £5.358m).

Schools Valuations

The valuation methodology applied by the Council's valuer has been amended to match the basis used by the Department of Education and wider industry. A school's valuation is now based upon the replacement cost of a school of an equivalent size, rather than the cost of the legacy premises, that may not be fully used.

Note 13a Property Plant & Equipment (continued)

REVALUATION DATES

The following table shows the breakdown of Property, Plant & Equipment by date of valuation.

	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	-	14,405	71,809	6,037	-	84,897	177,148
Valued at current value as at:	-	-	-	-	-	-	-	
31 March 2024	390,349	345,688	-	-	-	2,000	-	738,037
31 March 2023	-	50,611	-	-	-	-	-	50,611
31 March 2022	-	106,728	-	-	-	-	-	106,728
31 March 2021	-	11,108	-	-	-	-	-	11,108
31 March 2020	-	1,868	-	-	-	-	-	1,868
31 March 2019	-	1,629	-	-	-	-	-	1,629
Total Cost or Valuation	**390,349**	**517,632**	**14,405**	**71,809**	**6,037**	**2,000**	**84,897**	**1,087,129**

CURRENT VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 March 2023. Note the majority of property plant and equipment is carried at current value in accordance with IAS 16, as adapted for the public sector context. Fair value of the Council's main property assets is estimated based on appraisals performed by independent, professionally-qualified property Valuers.

31 March 2023					31 March 2024			
Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
-	36,082	-	36,082	Surplus Assets	-	2,000	-	2,000
-	70,555	-	70,555	Investment Properties	-	57,236	-	57,236

-	1,158	-	1,158	Assets Held for sale	-	7,362	-	7,362
-	**107,795**	**-**	**107,795**		**-**	**66,598**	**-**	**66,598**

Note 13b Heritage Assets

Kingston has a specialist Fine Art policy to cover its Heritage Assets. The value of the Council's Heritage Assets totalled £1.209m as at 31 March 2024. The last valuation was undertaken in 2014/15. The Council's Civic Regalia and paintings located in the Guildhall are included in the valuation.

A number of other items have been identified as Heritage Assets but have not been included on the balance sheet because seeking a valuation is either impossible given their nature or would cost too much to be commensurate with benefits to the users of the financial statements. These items include:

- **Museum Collection –** Comprises of just under 9,000 items of either historical, rather than monetary value or which are costly to value or impossible to value given their nature. The collection is varied, and though most are items of local interest, some items in the collection do hold national and international significance. There were a few additions during the year but no disposals.
- **Art Collection –** Over 700 items, mostly of local topographical interest and some commercially produced pieces. Within this collection are a small selection of pieces by more notable artists and the ever-growing Brill collection, aspects of which will appreciate in value as the artists achieve success in their later careers.
- **The Eadweard Muybridge Collection –** A collection of an early photographic pioneer donated to the Authority at the end of his life. Muybridge achieved international success and was key to the progress of early 20th century photography and the development of moving images.
- **Local History Collection –** Collection includes books, pamphlets, maps, ephemera, oral histories, photographs and volumes of newspapers, totalling more than 18,000 items. There is no information detailing historical cost for significant items. There were a few additions during the year.
- **Archives –** The majority of the collection relates to the Royal Borough of Kingston upon Thames as an entity, this includes royal charters dating back to 1208. In addition to the records of the borough, over 350 collections from local organisations and individuals have been deposited with the archive.
- **Public Art –** sculptures and mosaics in public areas. There is no information on historic cost and given their nature the cost of valuation is not commensurate with benefits to users of the financial statements.

5 Year Summary of Transactions – the heritage collections continue to grow year on year, but there have been no significant acquisitions in the last 5 years.

Note 13c Intangible Assets

Intangible assets are those which do not have physical substance, but bring economic benefit to the Council. Intangible assets include both purchased licenses and internally generated software.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £2.589m charged to revenue in 2023/24 was charged directly to each service heading (£2.202m in 2022/23).

The movement on Intangible Assets balances during the year is as follows:

2022/23		2023/24
£'000		**£'000**
	Balance at start of year:	
20,049	- Gross carrying amounts	21,630
(13,655)	- Accumulated amortisation	(15,857)
6,394	**Net carrying amount at start of year**	**5,773**
	Additions:	
1,581	- Purchases	1,340
(2,202)	Amortisation for the period	(2,589)
5,773	**Net carrying amount at end of year**	**4,524**
	Comprising:	
21,630	- Gross carrying amounts	22,970
(15,857)	- Accumulated amortisation	(18,446)
5,773		**4,524**

Note 14 Investment Properties

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property. Investment properties are measured initially at cost and subsequently at fair value.The Code of Practice requires that investment properties are not depreciated, but are held at fair value, in this case open market value, and their book value is adjusted for indexation if the market movement is more than +/-3%

The following table summarises the movement in the Fair Value of investment properties over the year:

2022/23		2023/24
£'000		**£'000**
79,326	Balance at start of the year	70,554
	Reclassifications	17,086
13	Additions	
(200)	Disposals	(17,693)
-	Transfers to and from Investment properties	-
(8,585)	Net gains/(losses) from current value adjustments (Revaluations and Impairments)	(12,711)
70,554	**Balance at the end of the year**	**57,236**

In 2023/24, Poppy Court was disposed of through a finance lease arrangement, with the Council acting as the lessor. The disposal was at a net book value of £17.086 million, which is reflected in the disposal section of the note. The asset was derecognised, and a finance lease debtor was created.

Valuation Techniques used to Determine Level Three Fair Value

Fair value of the Council's main property assets is estimated based on appraisals performed by independent, professionally-qualified property Valuers. The valuations comprise a combination of Market Approach, Income Approach and Cost Approach. Investment properties are measured initially at cost and subsequently at fair value. Investment Properties are not depreciated but are revalued annually according to market conditions at the year-end. All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes by our independent valuation provider, since they include both observable and unobservable inputs.

Note 14 Investment properties (continued)

The following amounts of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the CIES.

2022/23		2023/24
£'000		£'000
(5,410)	Rental Income from Investment Properties	(4,453)
-	Direct Operating Expenses arising from Investment Property	651
(5,410)		**(3,802)**

Note 15 Assets Held for Sale

The value of assets held for sale are set out in the table below:

2022/23		2023/24
£'000		£'000
101	**Balance outstanding at start of the year**	**1,158**
	Assets newly classified as held for sale:	
-	Investment properties	-
	Assets declassified as held for sale:	
(101)	Derecognition - disposals	(435)
1,158	Reclassifications	17,688
-	Revaluation losses	(11,049)
1,158	**Balance outstanding at year-end**	**7,362**
	Represented by:	
1,158	Short term assets held for sale	7,362
-	Long term assets held for sale	-
1,158	**Total assets held for sale**	**7,362**

Note 16 Capital Expenditure and Capital Financing

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

2022/23		2023/24
£'000		**£'000**
387,015	**Opening Capital Financing Requirement**	**409,781**
	Capital Investment:	
56,190	Property, Plant and Equipment	86,677
13	Investment Properties	-
1,581	Intangible Assets	1,341
2,688	Inventory (Property Buybacks)	8,406
1,172	Revenue Expenditure Funded from Capital Under Statute	2,180
-	Assets Held for Sale	-
2,350	Loan to Cambridge Road Estate Joint Venture	2,107
	Sources of Finance:	
(8,552)	Capital Receipts	(7,080)
(15,714)	Government grants and other contributions	(36,469)
	Sums set aside from revenue	
(11,065)	- Direct revenue contributions	(9,697)
(5,897)	- MRP / Loans fund principal	(6,444)
409,781	**Closing Capital Financing Requirement**	**450,802**
	Explanation of movements in year:	
22,766	Increase in underlying need to borrow (unsupported by government financial assistance)	41,021
22,766	**Increase in Capital Financing Requirement**	**41,021**

Note 17 Financial Instruments

a) Financial Instruments Balances

Accounting regulations require financial instruments shown on the balance sheet to be further analysed into various defined categories as shown in the table below.

Categories of financial assets and financial liabilities

					31 March 2023							31 March 2024
Non-current		Current			Total	FINANCIAL ASSETS	Non-current		Current			Total
Investments	Debtors	Investments	Debtors	Cash			Investments	Debtors	Investments	Debtors	Cash	
£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000
4,925	-	-	-	-	4,925	Fair value through profit and loss	-	-	-	-	-	-
-	15,170	60,887	39,307	52,850	168,214	Amortised Cost	-	45,280	71,318	64,757	2,464	183,819
1,030	-	-	-	-	1,030	Fair value through other comprehensive income - designated equity instruments	1,021	-	-	-	-	1,021
5,955	15,170	60,887	39,307	52,850	174,169	**Total financial assets**	1,021	45,280	71,318	64,757	2,464	184,840
-	-	-	14,502	-	14,502	Non-financial assets	-	-	-	19,794	-	19,794
5,955	15,170	60,887	53,809	52,850	188,671	**Total**	1,021	45,280	71,318	84,551	2,464	204,634

Note 17 Financial Instruments (continued)

31 March 2023										31 March 2024
Non-current		Current		Total	FINANCIAL LIABILITIES	Non-current		Current		Total
Borrowings	Creditors	Borrowings	Creditors			Borrowings	Creditors	Borrowings	Creditors	
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
(301,227)	-	(2,548)	(55,264)	(359,039)	Amortised Cost	(276,997)	-	(19,873)	(62,617)	(359,487)
(301,227)	-	(2,548)	(55,264)	(359,039)	**Total financial liabilities**	(276,997)	-	(19,873)	(62,617)	(359,487)
-	-	-	(21,464)	(21,464)	Non-financial liabilities	-	-	-	(17,835)	(17,835)
(301,227)	-	(2,548)	(76,728)	(380,503)	**Total**	(276,997)	-	(19,873)	(80,452)	(377,322)

Soft Loans

The Council is in receipt of an interest-free loan from the Greater London Authority for the purpose of regenerating the Cambridge Road Estate. There were 2 tranches of £10m each in 2017/18 and a further tranche of £6.625m in 2018/19. The Council is required to carry these liabilities in its accounts at the net present value of the loan discounted at a comparable rate offered by the Public Works Loan Board. The difference between the nominal principal of £26.625m and the net present value is taken to reserve and written down over the life of the loan so that the 2 values are equal on maturity

Greater London Authority	2022/23	2023/24
	£'000	£'000
Opening Balance	23,617	24,168
Increase in the discounted amount	551	546
Closing balance at end of year	24,168	24,714
Nominal value at 31 March	26,625	26,625

Note 17 Financial Instruments (continued)

Investments in equity instruments designated at fair value through other comprehensive income

Description	Nominal	Fair Value	Change in fair value during 2023/24	Dividends
	£'000	£'000	£'000	£'000
Kingston Theatre LLP	5,083	1,011	8	-
UK Municipal Bond Agency PLC	100	11	-	-

Kingston Theatre LLP is a Limited Liability Partnership (LLP) between the Council (95% stake) and Kingston University (5% stake), whose principal activity is to own and manage the property in High Street, Kingston upon Thames known as the Rose Theatre.

The UK Municipal Bonds Agency Plc was established in June 2014, with the primary purpose of reducing local authority financing costs by issuing bonds in the capital markets and on-lending to councils, lending between councils and sourcing funding from 3rd party sources, to on-lend to councils.

Reclassification

Reclassification of a financial instrument can only occur if it is allowed through the definitions of the Code, and as a consequence should be relatively rare.
In the case of financial liabilities an authority cannot reclassify. No financial instruments have been reclassified.

Note 17 Financial Instruments (continued)

b) Comprehensive Income and Expenditure Statement disclosures

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 made up as follows:

2022/23			2023/24	
Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure		Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
£'000	£'000		£'000	£'000
		Net gains/losses on:		
12	-	Financial assets measured at fair value through profit or loss		-
-	-	Financial assets measured at amortised cost	546	-
(795)	-	Investments in equity instruments designated at fair value through other comprehensive income	8	-
(783)	-	**Total net gains/losses**	554	-
		Interest revenue:		
(2,520)	-	Financial assets measured at amortised cost	(6,903)	-
-	-	Other financial assets measured at fair value through other comprehensive income		-
(2,520)	-	**Total interest revenue**	(6,903)	-
		Interest expense		
11,494	-	Financial assets or financial liabilities that are not at fair value through profit or loss	11,057	-
11,494	-	**Total interest expense**	11,057	-

Note 17 Financial Instruments (continued)

Basis for recurring fair value measurements:
Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 Inputs – unobservable inputs for the asset or liability.

Fair Value of Financial Assets
Some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31 March 2023	As at 31 March 2024
			£'000	£'000
Fair Value through Profit and Loss				
Other financial instruments classified as fair value through profit and loss	Level 1	Unadjusted quoted prices in active markets for identical shares	4,937	-
Total			**4,937**	**-**
Fair Value through Other Comprehensive Income				
Equity shareholding in Kingston theatre LLP	Level 3	Equity share attributable to shareholders	191	1,011
Equity shareholding in UK Municipal Bond Agency PLC	Level 3	Equity share attributable to shareholders	11	11
Total			**202**	**1,022**

Note 17 Financial Instruments (continued)

Equity Investments
Kingston Theatre LLP - the shares in this company are not traded in an active market and fair value of £1,011k has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation is based on the equity shown in Kingston Theatre LLP's latest accounts, shared proportionately between Partnership members.

The UK Municipal Bond Agency– the shares in this company are not traded in an active market and fair value of £11k has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made based on an analysis of the assets and liabilities in the company's latest audited accounts.

Other financial instruments Classified as Fair value through Profit and Loss
The Council has investments in two bond funds managed by Royal London: Cash Plus Fund and Enhanced Cash Plus Fund. Both funds are valued on a mid-price basis.

Transfers between Levels of the Fair Value Hierarchy
There were no transfers between input levels 1 and 2 during the year.

Changes in the Valuation Technique
There has been no change in the valuation technique used during the year for the financial instruments

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)
Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

For loans from the PWLB payable, new loan rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation;
For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value.
No early repayment or impairment is recognised;
Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Note 17 Financial Instruments (continued)

The calculated fair value of each class of financial asset and liability which are carried in the balance sheet are shown in the tables below. The prior year fair values as at 31 March 2022 are also provided for comparison.

Fair Value of Liabilities Carried at Amortised Cost

31 March 2023			31 March 2024	
Carrying amount	**Fair Value**		**Carrying amount**	**Fair Value**
£'000	**£'000**		**£'000**	**£'000**
(216,059)	(194,791)	PWLB debt	(211,763)	(180,207)
(61,000)	(64,184)	Non-PWLB debt	(39,000)	(38,161)
(24,168)	(23,617)	GLA Soft Loan	(26,234)	(22,455)
(2,548)	(3,265)	Short term Borrowing	(19,873)	(17,411)
(55,264)	(61,937)	Short term creditors	(80,452)	(80,452)
-	-	Short term finance lease liability	-	-
(359,039)	**(347,794)**	**Total financial liabilities**	**(377,322)**	**(338,686)**

The fair value is higher than the carrying amount because the Authority's portfolio of loans includes fixed rate loans, where the interest rate payable is higher than the prevailing rates at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders above current market rates.

The authority has a continuing ability to borrow at concessionary rates from the PWLB, rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £216m would be valued at £195m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that would have been paid. The exit price for the PWLB loans including the penalty charge would be £220.9m.

Note 17 Financial Instruments (continued)

Fair Value of Assets Carried at Amortised Cost

31 March 2023			31 March 2024	
Carrying amount	**Fair Value**		**Carrying amount**	**Fair Value**
£'000	**£'000**		**£'000**	**£'000**
26,310	26,310	Money market loans < 1 year	971	971
60,887	60,887	Short term investments	71,318	71,318
39,307	39,307	Short term debtors	64,757	64,757
15,170	15,170	Long term debtors	45,280	45,280
26,540	26,540	Cash	1,493	1,493
168,214	**168,214**	**Total financial assets**	**183,819**	**183,819**

Where the fair values of financial assets are the same as carrying values, this is because the investments held are short term and their interest rates are equal to the rates available for similar loans at the balance sheet date. The carrying amount and fair value of long term investments are carried at fair value according to accounting practices.

Note 17 Financial Instruments (continued)

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

31 March 2024	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant observable inputs (Level 3)	Total
Recurring fair value measurements using:	**£'000**	**£'000**	**£'000**	**£'000**
Financial liabilities				
PWLB	-	(211,763)	-	(211,763)
Non-PWLB	-	(39,000)	-	(39,000)
GLA Soft Loan	-	(26,234)	-	(26,234)
Short term debt	-	(19,878)	-	(19,878)
Long term creditors	-	-	-	-
Finance lease liability	-	-	-	-
Total		**(296,875)**	**-**	**(296,875)**
Financial assets	-	-	-	-
Financial assets held at amortised Cost	-	-	-	-
Total	**-**	**-**	**-**	**-**

Note 17 Financial Instruments (continued)

31 March 2023	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant observable inputs (Level 3)	Total
Recurring fair value measurements using:	**£'000**	**£'000**	**£'000**	**£'000**
Financial liabilities				
PWLB	-	(216,059)	-	(216,059)
Non-PWLB	-	(61,000)	-	(61,000)
GLA Soft Loan	-	(24,168)	-	(24,168)
Short term debt	-	(2,548)	-	(2,548)
Long term creditors	-	(55,264)	-	(55,264)
Finance lease liability	-	-	-	-
Total	-	**(359,038)**	-	**(359,038)**
Financial assets	-	-	-	-
Financial assets held at amortised Cost	-	168,214	-	168,214
Total	-	**168,214**	-	**168,214**

The fair value for financial liabilities and financial assets that are not measured at fair value included in Level 2 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate detailed above.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above, primarily for financial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

c) Nature and Extent of Risks Arising from Financial Instruments

The Council's management of treasury risks actively works to minimise exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code on Treasury Management in the Public Services and investment guidance issued through the Act.

The Council has written principles for overall risk management as well as written policies and procedures (Treasury Management Practices - TMPs) covering specific areas such as interest rate risk, credit risk and the investment of surplus cash which are reviewed periodically.

The Annual Treasury Management Strategy which incorporates the prudential indicators was approved by the Council in March 2022 and is available on the Council's website. Actual performance is reported on a half-yearly basis to the Audit, Governance and Standards Committee.

Credit Risk

Credit risk arises from the lending of surplus cash funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution. The Council is currently using highly rated institutions and high security money market funds. The Council limits the value and duration of deposits with individual institutions dependent on banding derived from modelling combining credit ratings, credit watches and credit outlooks and overlaid with Credit Default Swap (CDS) spreads, as set out in the Treasury Management strategy.

Amounts Arising from Expected Credit Losses

The Council's maximum exposure to credit risk on its money market investments has been deemed to be immaterial. This has been determined by reference to the historic default rates provided by credit rating agencies that show a risk of default of 0.05% or less for the rated financial institutions on the Council's approved counterparty list. Note that in the event of any default the Council would be entitled to a share of the assets in the financial institution so that any potential loss would be less than the default rate quoted.

The Council has made a credit loss allowance on its trade receivables in accordance with proper practices.

Liquidity Risk

The Council has access to borrowing from the money markets to cover day to day cash flow needs and to the Public Works Loans Board (PWLB) and money markets for access to longer term funds. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The maturity structure of financial liabilities is as follows (at nominal rate):

Note 17 Financial Instruments (continued)

31 March 2023		31 March 2024
£'000		£'000
215,314	Public Works Loans Board	224,539
61,000	Market debt	39,000
26,625	GLA	26,625
-	Temporary loans	5,000
302,939	**Total**	**295,164**
775	Less than 1 year	17,775
2,775	Between 1 and 2 years	10,776
28,947	Between 2 and 5 years	26,474
49,465	Between 5 and 10 years	52,163
220,977	More than 10 years	187,976
302,939	**Total**	**295,164**

Market Risk

Interest rate risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council depending on how variable and fixed interest rates move across differing financial instrument periods.

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

The Council has a number of strategies for managing interest rate risk, for example variable rate loans are limited to a maximum of 20% of overall borrowing. The Council continually tracks interest rates and uses its treasury management advisers, Link, to identify opportunities for restructuring debt. In doing so, any premiums or discounts applicable are taken into consideration when assessing whether this may be beneficial to the Council. There is an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable. According to this assessment strategy, at 31 March 2022, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31 March 2024
	£'000
Increase in interest receivable on variable rate investments	390
Increase in interest receivable on variable rate investments	(788)
Increase in government grant receivable for financing costs	-
Impact Surplus or Deficit on the Provision of Services	**(398)**
Share of overall impact credited to the HRA	(153)
Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(25,417)

Note 18 Short term Debtors

These are short-term debts consisting of amounts due from Government, other local authorities and amounts due for goods and services provided as at 31 March.

2022/23		2023/24
£'000		£'000
7,595	Central Government Bodies	16,591
10,087	Other Local Authorities	16,506
4,761	NHS Bodies	5,308
(11)	Public Corporations & Trading Funds	(11)
31,377	Other Entities & Individuals	46,157
53,809	**Total**	**84,551**

2022/23		2023/24
£'000		£'000
75,194	Debtors	102,520
1,274	Payments in advance	1,493
(22,659)	Less Provision for impairment of bad debts	(19,462)
53,809	**Total**	**84,551**

Note 19a Short term Creditors

These consist of amounts owed to Government and other public bodies and all unpaid sums for goods and services provided as at 31 March.

2022/23		2023/24
£'000		**£'000**
(10,832)	Central Government Bodies	(5,263)
(23,736)	Other Local Authorities	(30,130)
(4,239)	NHS Bodies	(4,723)
-	Public Corporations & Trading Funds	-
(37,921)	Other Entities & Individuals	(40,336)
(76,728)	**Total**	**(80,452)**

2022/23		2023/24
£'000		**£'000**
(69,398)	Creditors	(73,017)
(7,330)	Receipts in Advance	(7,435)
(76,728)	**Total**	**(80,452)**

Note 19b Grants Receipts in Advance

These balances consist of grants received where the conditions have not been met as at 31 March.

2022/23		2023/24
£'000		**£'000**
(2,481)	Revenue Grants Receipts in Advance	(5,072)
(51,613)	Capital Grants Receipts in Advance	(65,937)
(54,094)		**(71,009)**

Note 20 Cash and cash equivalents

The balance of cash and cash equivalents is made up as follows:

2022/23		2023/24
£'000		**£'000**
7,417	Cash held by the Authority	-
(1,527)	Cash at Bank	1,493
46,960	Short-term liquid deposits	971
52,850	**Total**	**2,464**

Note 21 Provisions

	Balance b/fwd1 April 2023	Additional provisions made in 2023/24	Amounts used in 2023/24	Unused amounts reversed in 2023/24	Balance c/fwd 31 March 2024
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Non Current Provisions:					
a) Long Term Insurance Provision	(1,700)	-	114	-	(1,586)
Total Non Current Provisions	(1,700)	-	114	-	(1,586)
Current Provisions:					
b) NNDR Provision for alteration of lists and Appeals	(2,688)	-	862	507	(1,319)
c) HRA Water Charges Provision	(1,772)	-	-	-	(1,772)
d) Other	(340)	-	-	-	(340)
Total Current Provisions	(4,800)	-	862	507	(3,431)
Total	**(6,500)**	**-**	**976**	**507**	**(5,017)**

a) This provision is held to meet the cost of that part of any liability claim that falls below the insurance deductible and is, therefore, not funded by the Council's insurance policy beyond one year. As at 31 March 2023, to our knowledge, there are no material unfunded risks. The estimated fund surplus is included under earmarked reserves, see Note 11.

b) A provision of £2.688m for outstanding appeals against valuations for Business Rates currently being assessed by the Valuation Office Agency (£1.246m in 2021/22).

c) HRA Water Charges - The High Court decided in November 2019 that Kingston was a 'water reseller' and had been overcharging its tenants for water and sewerage charges accordingly. The ruling was upheld by the courts in 2020. The Council started to refund current tenants from April 2021. Further work on the potential cost of refunds was undertaken including the cost of both current and former tenants. The provision remains the same as last year at £1.772m.

d) Other provisions - The remains the same as last year at £0.340m for Legal costs

Note 22 Cash Flows from Operating Activities

2022/23		2023/24
£'000		**£'000**
(7,295)	Interest received	(12,926)
16,189	Interest paid	9,727
8,894	**Total**	**(3,199)**
	Adjust net surplus or deficit on the provision of services for non-cash movements	
(26,652)	Depreciation	(28,824)
10,320	Impairment and revaluations	(28,818)
(2,202)	Amortisation	(2,590)
-	Increase / (decrease) in impairment for bad debts	-
24,873	Increase / (decrease) in creditors	(5,386)
(1,339)	(Increase) / decrease in debtors	22,754
-	(Increase) / decrease in inventories	77
(20,932)	Movement in Pension Liability	3,583
(3,442)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(33,776)
	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	
(1,738)	Provisions	1,483
(8,585)	Movement in the value of investment properties	(12,711)
(530)	Movement in value of carrying value of loans	(546)
(305)	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	(13)
(30,532)	**Total non-cash adjustments**	**(84,767)**
-	Proceeds from the disposal of short-term and long-term investments	87
23,987	Capital Grants credited to surplus or deficit on the provision of services	44,313
14,775	Proceeds from the sale of property plant and equipment, investment property and intangible assets	42,396
38,762	**Total adjustments for investing or financing activities**	**86,796**

Note 23 Cash Flows from Investing Activities

2022/23		2023/24
£'000		£'000
60,261	Purchase of property, plant and equipment, investment property and intangible assets	95,850
94,970	Purchase of short term and long term investments	130,000
2,962	Other payments for investing activities	16,558
(14,775)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7,584)
(72,670)	Proceeds from short and long term investments	(125,000)
(74,554)	Other receipts from investing activities	(73,584)
(3,806)	**Total cash inflow/(outflow) from investing activities**	**36,240**

Note 24 Cash Flows from Financing Activities

2022/23		2023/24
£'000		£'000
-	Cash receipts of short and long term borrowing	(15,000)
775	Repayment of short term and long term borrowing	22,772
(9,450)	Other receipts from financing activities	3,500
(8,675)	**Total cash inflow/(outflow) from financing activities**	**11,272**

Note 25 Officers Remuneration & Exit Packages

This table gives the number of employees whose remuneration, excluding pension contributions but including redundancy payments, was £50,000 or more in bands of £5,000. These figures exclude those senior officers who are individually disclosed overleaf.

2022/23		Remuneration Band	2023/24	
Schools Employees	**Non-Schools Employees**	**£**	**Schools Employees**	**Non-Schools Employees**
45	80	50,000 - 54,999	37	70
18	51	55,000 - 59,999	25	75
19	25	60,000 - 64,999	17	47
14	24	65,000 - 69,999	10	17
10	12	70,000 - 74,999	9	28
5	6	75,000 - 79,999	11	13
5	5	80,000 - 84,999	5	5
6	2	85,000 - 89,999	3	4
3	1	90,000 - 94,999	3	4
-	1	95,000 - 99,999	-	
-	5	100,000 - 104,999	1	2
1	4	105,000 - 109,999		2
-	6	110,000 - 114,999	2	4
-	-	115,000 - 119,999	-	6
-	-	120,000 - 124,999	-	
-	-	125,000 - 129,999		2
126	**222**	**Total**	**123**	**279**

Note 25 Officers Remuneration and Exit Packages (continued)

2023/24	Note	Salary, fees and allowances	Compensation for loss of office	Employers pension contributions	Total
		£'000	£'000	£'000	£'000
Chief Executive - Sarah Ireland		200	-	36	236
Executive Director of Place - Matthew Essex		157	-	28	185
Executive Director of Adult Social Care and Health - Sharon Houlden (01/04/2023 - 10/09/2023)		67	-	12	79
Executive Director of Adult Social Care and Health (20/11/2023 - 31/03/2024)		50	-	9	59
Director of Public Health & Assistant Director, Healthy and Safe Communities		128	-	23	151
General Counsel		138	-	24	162
Interim Director of Finance / S151 Officer	3	138	-	27	165
Joint Director of Children's Services - Ian Dodds	1	85	-	21	106

2022/23	Note	Salary, fees and allowances	Compensation for loss of office	Employers pension contributions	Total
		£'000	£'000	£'000	£'000
Chief Executive - Ian Thomas (01/04/2022 - 31/01/2023)		174	-	-	174
Chief Executive - Sarah Ireland (01/02/2023 - 31/03/2023)	2	31	-	5	36
Executive Director of Corporate and Communities - Sarah Ireland (01/04/2022 - 31/01/2023)	2	136	-	24	160
Executive Director of Place - Matthew Essex		151	-	27	178
Executive Director of Adult Social Care and Health - Sharon Houlden		150	-	26	176
Director of Public Health & Assistant Director, Healthy and Safe Communities		124	-	22	146
General Counsel		120	-	21	141
Interim Director of Finance / S151 Officer (01/02/2023 - 31/03/2023)	3	22	-	3	25
Joint Director of Children's Services - Ian Dodds	1	80	-	19	99

Note 25 Officers Remuneration and Exit Packages (continued)

1. The Royal Borough of Kingston upon Thames and the London Borough of Richmond upon Thames share a Joint Director of Children's Services, with costs shared 50% each

2. The previous Chief Executive left the borough at the end of January 2023. Following the departure the Executive Director of Corporate and Communities filled the post on an interim basis until being permanently appointed after the end of the financial year.

3. With the Executive Director of Corporate and Communities moving into the interim post of Chief Executive the role of Interim Director of Finance / S151 Officer was filled by the previous deputy S151 officer.

Exit Packages

The cost of exit packages (excluding Voluntary Aided and Foundation schools) are as follows:

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	10	3	1	10	11	13	86	94
20,001 - 40,000	8	-	-	3	8	3	243	67
40,001 - 60,000	-	-	-	1	-	1	-	40
60,001 - 80,000	1	-	-	3	1	3	77	207
80,001 - 100,000	1	-	-	-	1	-	87	-
100,001 - 150,000	1	-	-	-	1	-	120	-
150,001 - 200,000	1	-	-	1	1	1	234	153
Total	22	3	1	18	23	21	847	561

The total cost of £0.561m (£0.847m in 2022/23) in the table above includes exit packages that have been agreed, accrued for and charged to the Authority's Comprehensive Income and Expenditure Statement in the current year. There are no costs to the Comprehensive Income and Expenditure Statement in respect of schools where schools are the decision making body. Foundation and Voluntary Aided schools have been excluded from this not as the Authority is not the direct employer.

Note 26 Members Allowances

2022/23		2023/24
£'000		£'000
791	Allowances	817
-	Expenses	0
791		**817**

Note 27 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2016. Legislation was revised during 2020/21 in the Schools and Early Year Finance (England) Regulations 2020, to require that a DSG deficit can not be charged to General Fund resources without the express permission of the Secretary of State. As a result of this, the DSG deficit was moved from usable reserves to unusable reserves (see Notes 11 and 12 for further information). The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

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

	Central Expenditure	Individual Schools Budget (ISB)	Total
	£'000	£'000	£'000
Final DSG for 2023/24 before Academy recoupment			175,144
Academy and high needs figure recouped for 2023 to 2024			84,469
Total DSG after Academy recoupment for 2023/24			90,675
Brought forward from 2022/23			7,589
Carry-forward to 2024 to 2025 agreed in advance			0
Agreed initial budgeted distribution in 2023/24	35,575	62,689	98,264
In-year adjustments	3,410	(233)	3,177
Final budget distribution for 2023/24	38,985	62,456	101,441
Less actual central expenditure	34,097		34,097
Less actual ISB deployed to schools		62,060	62,060
Plus: Local authority contribution for 2023/24	2,400	0	2,400
In year carry-forward to 2023 to 2024	7,288	396	7,684
Plus: Carry-forward to 2024 to 2025 agreed in advance			0
Carry forward to 2024 to 2025			7,684
DSG unusable reserve at the end of 2022/23			(12,402)
Addition to DSG unusable reserve at end of 2023 to 2024			0
Total of DSG unusable reserve at the end of 2023 to 2024			(12,402)
Net DSG position at the end of 2023/24			**(4,718)**

Note 28 Better Care Fund (Pooled Budgets with NHS South West London ICB)

2023/24 is the ninth year of the Council's aligned budget arrangement (Pooled Fund) with NHS South West London Integrated Care Board (ICB). This agreement came into force on 1 April 2015. The Council continues to be the host of the Pooled Fund for the purpose of the regulations and is responsible for the Pooled Manager. The Executive Director, Adult Social Care and Health is the Pooled Manager and is accountable directly to the Chief Executive. 2023/24 was the seventh year that the government provided additional funding for Social Care through the "Improved Better Care Fund" and this funding went to Local authorities.

31 March 2023		31 March 2024
£'000		**£'000**
	Funding:	
(1,163)	Underspend brought forward from previous year	(1,730)
(3,834)	Royal Borough of Kingston	3,751
(13,695)	Kingston CCG	14,428
(18,692)	**Total Funding**	**16,449**
	Expenditure:	
3,267	Royal Borough of Kingston	4,085
13,695	Kingston CCG	14,428
16,962	**Total Expenditure**	**18,513**
(1,730)	Net (Surplus)/Deficit on the pooled budget during the year	2,064
(1,730)	Council share of net (surplus)/deficit arising on the pooled budget*	2,064

* The surplus on the pooled budget relates to capital grants unspent

Note 29 Related Parties

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

Central Government Central government has significant control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of grant funding that the council receives and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grant receipts are shown in Note 9.

Members - Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2023/24 is shown in Note 26. During 2023/24 members of the Council (or members of their immediate family or household) undertook related party transactions with the following organisations to the value of £80.986m (£75.605m 2022/23). The amounts disclosed below are those considered to be material to either of the related party transactions (i.e. either the Royal Borough of Kingston upon Thames or the other entity).

Organisation	Nature of Transactions	2022/23	2023/24
		£'000	**£'000**
Kingston Carers Network	Grants and contract payments from RBK	245	375
Coombe Hill Investments	Payments from RBK	167	0
Groundwork ltd	Grants to voluntary organisations	90	42
Kingston Theatre LLP	Grants from RBK including COVID-19 related	205	208
Cambridge Road (RBK) LLP	Receipts of costs recovered for Cambridge Road Estate regeneration	(916)	(560)
Cambridge Road (RBK) LLP	Loans to CRE LLP (including repayments)	-	(4,354)
Achieving for Children	Grants and payments from RBK	75,814	84,971
Surbiton Law LLP	Purchase of Leasehold Property	0	300
Centre for Community Development	Grants to voluntary organisations	0	3
Korea Town Foundation CIC	Grants to voluntary organisations	0	1

Note 29 Related Parties (continued)

The disclosure has been prepared using the Council's Register of Members' Interest in addition to a specific declaration obtained in respect of related party transactions from Members. The Council issued 48 forms to be completed and 4 specific declarations of interest were received from Members were received (3 in 2022/23).

Details of all Members' interests are recorded in the Register of Members' Interests, open to public inspection on the Council's website www.kingston.gov.uk .

The Council makes a number of appointments each year to various local and regional bodies to represent the interests of the community. All of these appointments are approved by Council and details can be found within Committee minutes on the Council's website.

There were no other material related transactions between related parties and Members of the Council.

Officers

The Former Assistant Director, Finance (Kingston) was the Council's nominated Director of Kingston Theatre LLP until 31 January 2023. The Council's interest in Kingston Theatre LLP is disclosed below under Interests in Companies. There were no other material transactions between related parties and senior officers within the Council.

Other Public Bodies

The Council has a pooled budget arrangement with Kingston NHS Foundation Trust for the provision of Moor Lane Children's and Young People's services.

The Council works in partnership with the Kingston Clinical Commissioning Group to continually improve integration of the NHS function with the Council's health-related functions.

South London Waste Partnership (SLWP)

The South London Waste Partnership is a Joint Committee, established in September 2007, to secure waste treatment and disposal services for the London Boroughs of Croydon, Merton, Sutton and the Royal Borough of Kingston upon Thames. The Royal Borough of Kingston upon Thames is the lead Borough for procurement and has awarded the contracts on behalf of the Partnership. The management group and the joint waste committee is made up of an equal number of representatives from across all four boroughs.

Other London Boroughs – Shared Service Arrangements

As part of the Council's response to the changing financial environment in which Local Authorities operate, a number of shared service arrangements with other Local Authorities are in operation.

- **Human Resources –** from 1 May 2016 the Council's Human Resource (HR) services commenced a shared service arrangement between The Royal Borough of Kingston upon Thames and The London Borough of Sutton. The service hosted by RBK, includes recruitment, employment contracts, advice on terms and conditions, payroll, employee relations, advice, provision of learning and development as well as Occupational Health and Health and Safety.

- **Internal Audit Shared Service –** Internal Audit and Investigations work is provided via a shared service with the London Boroughs of Richmond, Wandsworth, Merton and Sutton. The employing authority for the service is Richmond. This service is providing a shared expertise and a wider resilience for the boroughs.

- **ICT –** Royal Borough of Kingston entered into a joint service for ICT with London Borough of Sutton on 1 May 2013. The joint service is providing greater ICT infrastructure resilience as well as shared expertise to drive out further savings and provide a better quality service.

- **Legal –** Royal Borough of Kingston, along with London Borough of Sutton, joined the existing shared legal service between London Borough of Richmond and London Borough of Merton on 1 October 2013.

- **Environmental Services** – In 2016 the Royal Borough of Kingston and the London Borough of Sutton set up a Shared Environment Service (SES), which includes Environmental Health, Trading Standards, Sustainable Transport and Highways & Transport.

- **Pensions Administration Service** – On the

1st April 2016 The Royal Borough of Kingston entered into a shared service for its Pension Administration service with the London Borough of Sutton.

- **Finance –** The Royal Borough of Kingston entered into a joint service for Finance with London Borough of Sutton on 1 April 2017.
- **Customer Contact Centre** – The Royal Borough of Kingston entered into a joint service for its customer contact centre with The London Borough of Sutton on 1 April 2017.

Interest in Companies – Entities Controlled or Significantly Influenced by the Authority

Achieving for Children CIC

Achieving for Children (AfC) started trading on 1 April 2014. The company is jointly owned with the London Borough of Richmond and the Royal Borough of Windsor & Maidenhead. The Royal Borough of Kingston and the London Borough of Richmond each hold a 40% stake with the Royal Borough of Windsor & Maidenhead holding the remaining 20%. The two controlling councils are the subscribing guarantors and first members. The company is a Community Interest Company (CIC) limited by guarantee which delivers Children's Services to the three boroughs. There are three specific ways in which the three Councils' control of AfC is exercised:

- Ownership - as the owners and members of the Company the Councils have a number of matters reserved to them, including the appointment and dismissal of the Non-Executive Independent Directors, who are responsible to them.
- Contractual - the Councils commission AfC and have a contractual relationship with the Company that provides them with rights and powers that can be enforced if not complied with
- Director of Children's Services - the appointed Director for Children's Services (DCS) is part of the Leadership team of AfC, the council is able to direct the actions of the DCS

The Statement of Accounts for 2022/23 includes consolidated Group Accounts which include the activities of the Council and its ownership share of the profit realised by AfC for 2022/23 because of the size of the company in terms of turnover and the parent relationship that RBK has with AfC.

The Community Interest Company model means that the assets of the company (including any profits or surplus generated) are locked into the company and there are restrictions on what they can be used for. They must either be retained within the CIC to be used for the community purposes for which it was formed or can (in limited circumstances and only in agreement with the owners) be transferred out of the company. These circumstances include transferring assets to another CIC or for the benefit of the community.

The Board of AfC is made up of:
1 x Managing Director
6 x Council Appointed Directors (Maximum 2 x per member)
3 x Non-Executive Independent Directors

AfC's audited statement of accounts for 2022/23 will be available on their website: https://www.achievingforchildren.org.uk/

Kingston Theatre LLP

A Limited Liability Partnership (LLP) exists between the Council (95% stake) and Kingston University (5% stake), the principal activity, of which, is to own and manage the property in High Street, Kingston upon Thames known as the Rose Theatre. The LLP consider the Council to be the ultimate parent undertaking. The LLP is structured in such a way that future investors can purchase a stake in the partnership, but that the combined stake holding of the Council and University will not fall below 51%.

Cambridge Road (RBK) LLP

A 50:50 joint venture between RBK and Countryside Properties Ltd incorporated on 25 September 2020 to deliver the regeneration of the Cambridge Road Estate (CRE).
Additional disclosure: A senior officer of the Council has declared a relationship with a company contracted by Countryside Ltd to advise on the CRE project: ULL Property. As there have been transactions directly between the council and ULL Property, and the Cambridge Road LLP, it is currently consolidated into the Council's group accounts.

Note 30 External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Councils external auditors. Public Sector Audit Appointments has appointed KPMG LLP as the external auditor for 2023/24

2022/23		**2023/24**
£'000		**£'000**
154	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	-
63	Fees payable to Grant Thornton for the certification of grant claims and returns for the year	-
-	Fees payable to KPMG with regard to external audit services carried out by the appointed auditor for the year	316
-	Fees payable to KPMG for the certification of grant claims and returns for the year	83
217	**Total**	**399**

Crowe UK LLP are the external auditors of Achieving for Children CIC, a company jointly owned by the Council, the London Borough of Richmond and the Royal Borough of Windsor and Maidenhead. The external audit fee payable to Crowe LLP by Achieving for Children was £0.069m for 2023/24.

Note 31 Defined Benefit Pension Schemes

Teachers employed by the Authority are eligible to be members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of 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 £6.271m to Teachers Pensions in respect of retirement benefits. The employer contributions percentage was 23.68% of pensionable pay. There was £0.186m contributions remaining payable at the year-end (£0.000m in 2022/23). The amount paid in 2022/23 was £1.802m, 23.68% of pensionable pay and none remaining payable at 31/03/2023.

The Authority 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. The Authority also employs staff who are part of the NHS Pensions Scheme, administered by NHS Pensions. This is largely due to the transfer, in 2013/14, of Public Health responsibilities from the NHS to the Council. In 2023/24, £0.006m was payable by the Council in respect of NHS pensions retirement benefits, representing 14.38% of pensionable pay. There was £0.004m of contributions remaining payable at the end of the year. The amount paid in 2022/23 was £0.009m which was 14.38% of pensionable pay.

Participation in Pension Schemes

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

The Authority participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by the Royal Borough of Kingston upon Thames – this is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

The Authority recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment/ retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Local Government Pension Scheme (LGPS) deficit prepayment

During 2023/24 the Council took the decision to make a £2.945m pre-payment towards the LGPS pension deficit, which reduced the Council's pension fund "long term liabilities" section of the balance sheet. By making an early payment to the pension fund, revenue savings will be achieved by the council during the subsequent three year period, reducing the deficit contribution amount required to be paid by the Council. The pension deficit amount was charged to the General Fund Reserves over the three year period set out in the actuary's certificate. However aggregating the Pension Prepayment alongside the Pension Liability caused the liability amount to not align to the Pension Reserve sum, which it would otherwise do. This imbalance was 2.079m as at 31.03.2024.

Note 31 Defined Benefit Pension Scheme (continued)

2022/23 £000	Comprehensive Income and Expenditure Statement	2023/24 £000
	Service cost comprising:	
(28,080)	- Current service cost	13,757
(749)	- Past service cost	-
-	- Settlements	-
	Financing and Investment Income & Expenditure	
17,082	- Interest income on plan assets	(28,968)
(21,711)	- Interest cost on defined benefit obligation	28,505
-	- Effect of Business combination	
(33,458)	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**13,294**
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
(32,230)	- Return on plan assets (excluding the amount included in the net interest expense	(51,415)
5,155	- Actuarial (gains) and losses arising on changes in demographic assumptions	(3,741)
267,925	- Actuarial (gains) and losses arising on changes in financial assumptions	(26,657)
(47,743)	- Actuarial (gains)/losses arising from changes in membership assumptions	-
-	- Experience gain on defined benefit obligation	19,896
-	- Application of asset ceiling	15,160
193,107	**Total Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**(46,757)**
159,649	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account**	**(33,463)**
	Movement in Reserves Statement	
33,458	Reversal of net charges made to the (Surplus) or Deficit on the provision of Service for Post Employment Benefits in accordance with the Code	(13,294)

The re-measurement of the net defined liability in the Comprehensive Income and Expenditure Statement 2023/24 is a surplus of £(46.757)m (2022/23 £193.108m deficit).

Note 31 Defined Benefit Pension Scheme (continued)

Assets and Liabilities in Relation to Post-employment Benefits

Pension assets and liabilities recognised on the balance sheet

2022/23		2023/24
£'000		**£'000**
614,258	Fair value of plan assets	685,715
(593,767)	Present value of funded liabilities	(601,698)
-	Application of asset ceiling	(15,160)
-	Pension fund prepayment	3,117
(11,789)	Present value of unfunded liabilities*	(10,854)
8,702	**Net Asset / (Liability) arising from defined benefit obligation**	**61,120**

*Unfunded LGPS liability is £5.862m and teacher's unfunded liability amounts to £4.992m.

Reconciliation of Fair Value of scheme assets:

2022/23		2023/24
£'000		**£'000**
636,777	**Balance at 1 April**	**614,258**
17,082	Interest income	28,968
-	Effect of business combinations and settlements	-
(32,230)	Remeasurement gain/loss	51,415
11,309	Contributions from employer	15,839
3,984	Contributions from employees into the scheme	4,291
(22,664)	Benefits Paid	(29,056)
614,258	**Balance at 31 March**	**685,715**

The expected return on scheme assets is calculated using the discount rate used in calculating future liabilities within the scheme. This method is used for accounting purposes and will be different to the actual return on assets within the scheme.

Note 31 Defined Benefit Pension Scheme (continued)

The schemes assets measured at fair value were invested in the asset categories detailed below:

Asset Category	Quoted Prices in Active Markets at 31-Mar-24	Quoted Prices in not Active Markets at 31-Mar-24	Total	Percentage of Total Assets
	£'000	£'000	£'000	%
Equity Security:				
- Consumer	15,741	-	15,741	2%
- Manufacturing	8,933	-	8,933	1%
- Energy & Utilities	9,349	-	9,349	2%
- Financial Institutions	14,755	-	14,755	2%
- Health and Care	14,797	-	14,797	2%
- Information Technology	22,331	-	22,331	3%
- Other	15,146	-	15,146	2%
Debt Securities				
Private Equity				
Real Estate				
- UK Property	43,317	-	43,317	6%
- Overseas Property	-	-	-	0%

Note 31 Defined Benefit Pension Scheme (continued)

Asset Category	Quoted Prices in Active Markets at 31-Mar-24	Quoted Prices in not Active Markets at 31-Mar-24	Total	Percentage of Total Assets
	£'000	£'000	£'000	%
Investment Funds and Unit Trusts:				
- Equities	269,184	-	269,489	40%
- Bonds	125,919	-	126,224	18%
- Hedge Funds	-	-	-	0%
- Commodities	-	-	-	0%
- Infrastructure	-	-	-	0%
- Other	132,893	-	133,198	20%
Derivatives:				
- Inflation	-	-	-	0%
- Interest rates	-	-	-	0%
- Foreign Exchange	-	-	-	0%
- Other	-	-	-	0%
Cash and Cash equivalents				
- All	12,129	-	12,434	2%
Total	684,494	0	685,715	100%

Note 31 Defined Benefit Pension Scheme (continued)

Reconciliation of fair value of scheme liabilities:

2022/23		2023/24
£'000		**£'000**
800,250	**Balance at 1 April**	**605,556**
28,080	Current Service Cost	13,757
21,711	Interest Cost	28,505
-	Effect of business combinations and settlements	
3,984	Contributions by Members	4,291
(5,155)	Actuarial (gains)/losses arising from changes in demographic assumptions	(3,741)
(267,925)	Actuarial (gains)/losses arising from changes in financial assumptions	(26,657)
47,743	Actuarial (gains)/losses arising from changes and other experience item	19,896
749	Past Service Cost	-
(23,881)	Benefits Paid	(29,056)
605,556	**Balance at 31 March**	**612,551**

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £612.551m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

• The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

• Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Note 31 Defined Benefit Pension Scheme (continued)

Assets and liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hyman Robertson LLP, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the Scheme as at 31 March 2022. The principal assumptions used by the actuary have been:

2022/23		2023/24
%		%
3.0	Rate of Inflation	2.8
3.5	Rate of Increase in Salaries	3.3
3.0	Rate of Increase in Pensions	2.8
13.2	Rate of Return on Assets	13.2
4.8	Rate for Discounting Scheme Liabilities	4.8
50% pre-2008 service	Take-Up of Option to Convert Annual Pension into Retirement Lump Sum	50% pre-2008 service
75% post-2008 service		75% post-2008 service
Years		Years
22.1	Longevity at 65 for Current Pensioners - Men	21.9
24.8	Longevity at 65 for Current Pensioners - Women	24.6
23.0	Longevity at 65 for Future Pensioners - Men	22.8
26.1	Longevity at 65 for Future Pensioners - Women	25.9

Note 31 Defined Benefit Pension Scheme (continued)

Sensitivity analysis:

Change In Assumptions at 31st March 2024	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	9,733
1 year increase in member life expectancy	4%	24,502
0.1% increase in the Salary Increase Rate	0%	567
0.1% increase in the Pension Increase Rate	2%	9,338

The impact of a change in the financial assumptions used has been estimated and compared with the value of the scheme liabilities as at 31 March 2024 on varying bases. The approach taken is consistent with that adopted to derive the IAS 19 figure.

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

The figures have been derived based on the membership profile of the Employer as at the date of the most recent actuarial valuation. The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held.

Note 31 Defined Benefit Pension Scheme (continued)

Categories of Assets:

2022/23		2023/24
%		%
54	Equity investments	55
6	Property	6
18	Bonds	18
20	Other Investment Funds and Unit Trusts	19
2	Cash	2
100		100

Note 32 Contingent Liabilities and Contingent Assets

The Council had no material contingent liabilities at 31 March 2024.

Amy Woodgate House - The council has contracted to sell a property - currently named Amy Woodgate House - to a third party by March 2025. The agreed price is £5.000m and a deposit has been paid. Due to the future nature of the exchange, this income has not been included in the comprehensive income and expenditure statement, and is recognised here as a contingent asset.

Note 33 Events after the Balance Sheet date

There were no material events after the end of the financial year which need to be reported.

Note 34 Leases

Authority as Lessor

Finance Leases
The Council has granted a number of property leases which have been accounted for as a finance lease. The following tables detail the gross investment and the minimum lease payments receivable under these finance leases.

Gross Investment:

31 Mar 2023		31 Mar 2024
£'000		**£'000**
	Finance lease debtor (net present value of minimum lease payments)	
69	- current	298
7,966	- non-current	32,387
18,408	Unearned finance income	33,959
99	Unguaranteed residual value of property	14,561
26,542	**Gross investment in the lease**	**81,205**

Reconciliation between gross investment in the lease and minimum lease payment:

31 Mar 2023		31 Mar 2024
£'000		**£'000**
26,542	Gross investment in the lease	81,205
(99)	less unguaranteed residual value of property	(14,561)
26,443		**66,644**

Note 34 Leases (continued)

Operating Leases

31 Mar 2023		31 Mar 2024
£'000		**£'000**
(3,154)	Not later than one year	(3,349)
(12,086)	Later than one year and not later than five years	(13,159)
(13,230)	Later than five years	(13,248)
(28,469)	**Gross investment in the lease**	**(29,756)**

Note 35 Inventory

31 Mar 2023 Items held in Services £'000	31 Mar 2023 Property buybacks £'000	31 Mar 2023 Total £'000		31 Mar 2024 Items held in Services £'000	31 Mar 2024 Property buybacks £'000	31 Mar 2024 Total £'000
27	**19,032**	**19,059**	**Balance at start of the year:**	**27**	**21,182**	**21,209**
-	2,689	**2,689**	Purchases	105	8,406	**8,511**
-	(539)	**(539)**	Recognised as an expense in year	(27)	(9,444)	**(9,471)**
27	**21,182**	**21,209**	**Balance at year-end**	**105**	**20,144**	**20,249**

5. Housing Revenue Account

Income and Expenditure Statement -

This shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost.

Statement of Movement on the Housing Revenue Account Balance -

this shows the increase or decrease in the year, on the basis of which rents are raised

THE ROYAL BOROUGH OF KINGSTON UPON THAMES

Housing Revenue Account (HRA) Income and Expenditure Statement

2022/23	HRA Income and Expenditure Statement	Notes	2023/24
£'000			£'000
	Expenditure		
6,336	Repairs and maintenance		7,060
11,415	Supervision and management		12,437
53	Rents, rates, taxes and other charges		1,072
1,533	Special Services		129
5,771	Depreciation and impairment of non-current assets		5,760
530	HRA Property Revaluations		28,117
-	Debt management costs		-
514	Movement in the allowance for bad debts		446
-	Other revenue expenditure funded from capital under statute		-
26,152	**Total Expenditure**		**55,021**
	Income		
(26,951)	Gross rent from Council dwellings		(28,368)
(440)	Gross non dwellings rent		(428)
(2,080)	Charges for services and facilities		(2,169)
(1,257)	Contributions towards expenditure		(865)
(1,627)	Leaseholders charges for services and facilities		(1,744)
(32,355)	**Total Income**		**(33,574)**
(6,203)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		21,447
99	Add HRA services share of Corporate and Democratic Core		-
(6,104)	**Net Cost of HRA Services**		**21,447**

Housing Revenue Account (HRA) Income and Expenditure Statement (continued)

2022/23	HRA Income and Expenditure Statement	Notes	2023/24
£'000			**£'000**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(6,271)	Gain or (loss) on sale of HRA non-current assets		738
277	Net interest on the net defined benefit liability		(25)
4,359	Interest payable and similar charges		5,276
(557)	Interest and investment income		(2,994)
-	Income, expenditure and changes in the fair values of investment properties		-
-	Other expenditure/ income		-
(8,296)	**(Surplus)/Deficit for the Year on HRA Services**		**24,442**

Statement of Movement on the Housing Revenue Account Balance

2022/23	Statement of Movement on the Housing Revenue Account Balance	2023/24
£'000		£'000
(4,365)	**Balance on the HRA at the end of the previous year**	**(7,466)**
(8,296)	Surplus/(Deficit) on the HRA Income and Expenditure Statement (MIRS)	24,442
5,195	Adjustments between accounting basis and funding basis under statute (see Note 10 - Notes to the Financial Statements)	(28,336)
(3,101)	**Net increase before transfers to or from reserve**	**(3,894)**
	Transfers (to)/from reserves	
(3,101)	**(Increase) or decrease in year on the HRA (MIRS)**	**(3,894)**
(7,466)	**Balance on the HRA at the end of the current year**	**(11,360)**

Notes to the Housing Revenue Account

HRA 1. Housing Stock

The Council has overall responsibility for managing the housing stock. The stock movement during the year was as shown in the table below. The figure for hostels is based on dwelling equivalents; for this purpose three bed spaces equals one dwelling.

Total 2022/23 Restated		Total 2023/24
	Flats	
886	- low rise (up to 2 storeys)	886
1,865	- medium rise (3-5 storeys)	1,889
431	- high rise (6+ storeys)	474
3,182	**Total Flats**	**3,249**
1,232	Houses and Bungalows	1,215
112	Equivalent number of dwellings for multi-occupied premises (hostels)	112
38	Shared Ownership	40
4	Shared Equity	4
4,568	**Total Stock**	**4,620**

During the year, management identified the opening housing stock numbers relating to Flats, Houses and Bungalows, Hostels, shared ownership and shared equity properties were stated as being 3,175, 1,198, 32, 23, and 2 (respectively) when they should have been 3,182, 1,232, 112, 38 and 4. The comparatives have been updated accordingly.

HRA 2. Stock Valuation

The net Balance Sheet value of the land, houses and other assets within the HRA is as follows:

At 31 March 2023		At 31 March 2024
£'000		**£'000**
	Operational Assets:	
410,788	Council Dwellings	390,349
8,388	Other Land and Buildings	11,221
713	Investment Properties	600
419,889	**Total**	**402,170**
1,482,533	Vacant possession value of dwellings within the authority's HRA as at 31 March in the financial year	1,561,396

The valuation of stock is in accordance with the Department for Communities and Local Government (DCLG) guidance entitled Guidance on Stock Valuation for Resource Accounting. The basis for valuation for operational property is Existing Use Value for non-housing property and Existing Use Value for Social Housing for housing property. The DCLG prescribes that the Existing Use Value for Social Housing should be 25% of the Existing Use Value. The variance between the Balance Sheet Value and the Vacant Possession value of the dwellings shows the economic cost to Government of providing council housing at less than open market rents.

HRA 3. Major Repairs Reserve

This reserve is credited with the depreciation charged to the HRA each year plus an adjustment to ensure the net credit in the year equals the Major Repairs. The reserve is only available for financing major repairs carried out to the housing stock. Any sums unspent are carried forward for use in future years.

2022/23		2023/24
£'000		**£'000**
(13,313)	Balance brought forward	(8,939)
	Transactions with HRA Income & Expenditure Statement	
(5,771)	Contribution to Major Repairs Reserve	(5,760)
	Adjustments between accounting and funding basis	
10,145	Capital expenditure charged against HRA balances	8,128
(8,939)	**Balance carried forward at 31 March**	**(6,571)**

HRA 4. Capital Expenditure Financing

Capital expenditure amounted to £56.180m (£34.638m in 2022/23). The following summary shows how this was funded:

2022/23		2023/24
£'000		**£'000**
34,638	**HRA Capital Expenditure**	**56,180**
	Financed by:	
(11,851)	Borrowing	(28,278)
(9,855)	Government Grants	(17,192)
(2,787)	Capital Receipts Reserve	(2,221)
	Revenue Contributions	(361)
(10,145)	Major Repairs Reserve	(8,128)
(34,638)	**Total financing**	**(56,180)**

HRA 5. Capital Receipts

During the year the following movements took place on the Authority's HRA capital receipts reserve:

2022/23		2023/24
£'000		**£'000**
(13,874)	Balance brought forward	(18,229)
	Transactions with Comprehensive Income & Expenditure Statement	
	Adjustments between Accounting Basis and Funding Basis	
(7,142)	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,258)
	Transfer from Deferred Capital Receipts Reserve upon receipt of cash	
	Refund of Retained one for one replacement receipts & interest	
2,787	Use of capital receipts to finance capital expenditure	2,221
	Contribution towards administrative cost of non-current asset disposals	
	Financing of payment to Government Capital Receipts Pool	
(18,229)	**Total**	**(20,266)**

HRA 6. Depreciation

The total charge for depreciation within the Authority's HRA is shown below:

2022/23	Depreciation	2023/24
£'000		**£'000**
5,358	Council Dwellings	5,571
351	Other Land and Buildings	189
6	Vehicles, plant, furniture and equipment	-
5,715	**Total**	**5,760**

The HRA split of assets between operational and non-operational is detailed in the Accounting Policies.

HRA 7. Rent Arrears and Bad Debt Provisions

Accumulated arrears for rents due to the Council from tenants in respect of dwellings and other property managed within the housing revenue account. (It excludes rents collectable in respect of non HRA properties accounted for in the General Fund).

2022/23	Tenant Rent and Service Charge Arrears	2023/24
£'000		**£'000**
3,409	Gross rent arrears	5,161
(2,522)	Provision for bad & doubtful debts	(3,020)
887	**Total**	**2,141**

HRA 8. IAS 19 Retirement Benefits

The Authority considers it to be proper accounting practice to allow the HRA to be charged with an attributable share of current and past service costs, interest costs and expected return on assets. To ensure that there is no net effect on the HRA, these entries are reversed out and replaced by employers' contributions payable by means of an appropriation to the Pensions Reserve in the Movement on the Housing Revenue Account Statement. HRA share of contributions to/from the Pension Reserve has been calculated at 5.0% of the Authority's total contribution – being the proportion of total employees pay met from the Housing Revenue Account. Note 31 to the Main Financial Statements provides further details.

2022/23		2023/24
£'000		**£'000**
	Transactions with Comprehensive Income & Expenditure Statement Adjustments between Accounting Basis and Funding Basis	
(1,925)	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 10)	(685)
749	Employers' pensions contributions and direct payments to pensioners payable in the year	851
(1,176)		**166**
	Other income & expenditure	
(307)	Pensions interest cost and expected return on pension assets	(25)
(1,483)		**141**

HRA 9. Provisions

A High Court ruling determined that the discounts granted to the Council to act as an administrator under an agreement with the water companies must be paid to tenants. A short term provision of £1.772m is held to cover the liability that arises as tenants are repaid, which was funded from within the Housing Revenue Account.

6. Collection Fund

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

THE ROYAL BOROUGH OF KINGSTON UPON THAMES

Collection Fund Income and Expenditure Account 2023/24

Business Rates 2022/23 £'000	Council Tax 2022/23 £'000	Total 2022/23 £'000		Note	Business Rates 2023/24 £'000	Council Tax 2023/24 £'000	Total 2023/24 £'000
			Income				
-	(136,581)	(136,581)	Council Tax collectable		-	(147,030)	(147,030)
(69,684)		(69,684)	Business Rates collectable		(67,411)	-	(67,411)
(1,837)	-	(1,837)	Business Rates Supplement collectable		(2,148)	-	(2,148)
(71,521)	**(136,581)**	**(208,102)**			**(69,559)**	**(147,030)**	**(216,589)**
			Expenditure				
			Precepts & Demands	CF3& 4			
23,771	-	23,771	Central Government		23,008	-	23,008
21,610	25,001	46,611	Greater London Authority		25,797	28,032	53,829
26,653	109,164	135,817	Royal Borough of Kingston		20,916	117,093	138,009
226	-	226	Costs of Collection		217	-	217
72,260	**134,165**	**206,425**			**69,938**	**145,125**	**215,063**
			Business Rate Supplement				
1,831	-	1,831	Payment to levying authority		2,142	-	2,142
6	-	6	Administrative costs		6	-	6
1,837	**-**	**1,837**			**2,148**	**-**	**2,148**

Collection Fund Income and Expenditure Account 2023/24 (continued)

		2022/23		Note			2023/24
Business Rates	**Council Tax**	**Total**			**Business Rates**	**Council Tax**	**Total**
£'000	**£'000**	**£'000**			**£'000**	**£'000**	**£'000**
			Impairment of Debts/Appeals				
(2)	36	34	Write-offs of uncollectible amounts		-		-
8,573	-	8,573	Appeals provision		(1,691)		(1,691)
(3,766)	-	(3,766)	Refunds to successful Appeals		(2,874)		(2,874)
461	-	461	Transitional Relief		(5,010)	(74)	(5,084)
(1,715)	577	(1,138)	Allowance for impairment		760	(1,584)	(824)
3,551	**613**	**4,164**			**(8,815)**	**(1,658)**	**(10,473)**
			Contributions towards previous year's estimated Collection Fund Surplus				
(7,628)	(597)	(8,225)	RBK		(1,154)	(514)	(1,668)
(9,408)	(121)	(9,529)	GLA		(1,423)	(99)	(1,522)
(8,391)	**-**	(8,391)	Government		(1,269)	-	(1,269)
(25,427)	**(718)**	**(26,145)**			**(3,846)**	**(613)**	**(4,459)**
(19,300)	**(2,521)**	**(21,821)**	**Movement on Fund Balance**	**CF5**	**(10,134)**	**(4,176)**	**(14,310)**

The accompanying notes form part of these financial statements.

Notes to the Collection Fund

CF 1. General

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, in this case for the Royal Borough of Kingston upon Thames. The revenue account shows the transactions into the Fund by way of Council Tax and National Non-Domestic Rates (NNDR) and how the amount collected has been distributed to preceptors and the General Fund.

Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent years. Deficits likewise are proportionately charged to the relevant precepting bodies in the following years.

CF 2. Council Tax

Council Tax income is the amount payable by Council Tax payers, inclusive of changes arising during the year for successful appeals against valuation banding, new properties, disabled relief and exempt properties. The Council's tax base is based on the number of chargeable dwellings in each valuation band, adjusted for dwellings where discounts apply, converted to an equivalent number of Band D dwellings. For 2023/24 it was calculated as follows:

Valuation Office estimated market value as at April 1991	Band	Actual Number	Adjusted Number	Ratio	Band D Equivalent Dwellings
Less Than £40,000	A	660	377	6/9	251
£40,001 - £52,000	B	3,505	2,267	7/9	1,763
£52,001 - £68,000	C	15,536	11,277	8/9	10,024
£68,001 - £88,000	D	20,614	17,142	9/9	17,142
£88,001 - £120,000	E	14,946	13,343	11/9	16,308
£120,001 - £160,000	F	8,523	7,825	13/9	11,303
£160,001 - £320,000	G	4,328	4,075	15/9	6,792
£320,001 or more	H	1,049	985	18/9	1,970
		69,161	57,291		65,553
Estimated collection rate for 2023/24	98.2%				64,372
Contributions in lieu (MoD properties)					196
Tax Base for 2023/24					**64,568**

CF 3. Council Tax Income

The Greater London Authority (GLA) levies a precept upon the Council's Collection Fund based upon the Council's tax base for the year. In addition, the Council's own requirement is charged to the Collection Fund and credited to the General Fund. The GLA precept includes elements for the Metropolitan Police Authority, the London Fire and Emergency Planning Authority, Transport for London, the London Legacy Development Company (Queen Elizabeth Olympic Park), the Old Oak Common, Park Royal Development Corporation and the core GLA functions.

CF 4. Non-Domestic Rates

The Council collects Non-Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform basis set nationally by Central Government. Under the business rates retention scheme, local authorities retain a proportion of the total collectable rates due with the rest distributed to preceptors. The distribution rates have changed in 2023/24 and are shown below, along with the 2022/23 rates for comparison

2022/23		2023/24
£'000		**£'000**
201,065	Total non-domestic rateable value at year end	205,676

pence per £		**pence per £**
51.2	Standard non-domestic multiplier	51.2
49.9	Small business non-domestic multiplier	49.9

The total non-domestic rateable value at year-end was:

2022/23		2023/24
%		**%**
30	Royal Borough of Kingston	30
37	Greater London Authority	37
33	Central Government	33
100	Total	100

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the VOA. Appeals are charged and provided for in proportion to the precepting shares. The total decrease in provision credited to the collection fund in 2023/24 was £1.691m (an increase of £8.961m was charged to the collection fund in 2022/23) with RBK's share totalling £0.507m (£2.688m in 2022/23).

CF 5. Collection Fund Balance

A proportion of the Collection Fund balance above is properly attributable to the Greater London Authority and Central Government and thus should not be wholly taken to the net worth component of the Council's Balance Sheet. Only an element calculated pro rata to the precepts above therefore appears as a balance in the net worth section of the Balance Sheet with the remainder treated as a creditor.

CTax 2022/23	NNDR 2022/23	Total 2022/23		CTax 2023/24	NNDR 2023/24	Total 2023/24
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
1,188	28,364	29,552	Balance brought forward	(1,333)	9,064	7,731
(2,521)	(19,300)	(21,821)	Movement in year	(4,176)	(10,134)	(14,310)
(1,333)	**9,064**	**7,731**	**Balance carried forward**	**(5,509)**	**(1,070)**	**(6,579)**
			Split by preceptor:			
(1,034)	2,719	1,685	Kingston Upon Thames	(4,441)	(321)	(4,762)
(299)	3,354	3,055	Greater London Authority	(1,068)	(396)	(1,464)
	2,991	2,991	Government		(353)	(353)
(1,333)	**9,064**	**7,731**	**Balance carried forward**	**(5,509)**	**(1,070)**	**(6,579)**

7. Group Accounts

THE ROYAL BOROUGH OF KINGSTON UPON THAMES

Group Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2024

Gross Expenditure 2022/23	Gross Income 2022/23	Net Expenditure 2022/23		Notes	Gross Expenditure 2023/24	Gross Income 2023/24	Net Expenditure 2023/24
£'000	**£'000**	**£'000**			**£'000**	**£'000**	**£'000**
97,245	(38,870)	58,375	Adult Social Care		99,554	(40,326)	59,228
1,227	(9)	1,218	Chief Executive's		1,235	-	1,235
143,452	(100,700)	42,752	Corporate and Communities		149,651	(104,786)	44,865
46,802	(8,198)	38,604	Children's Services		54,260	(11,482)	42,778
106,237	(108,036)	(1,799)	Childrens Services - Schools		113,815	(113,389)	426
35,796	(19,454)	16,342	Place		42,652	(20,435)	22,217
26,249	(32,353)	(6,104)	Housing Revenue Account		55,021	(33,574)	21,447
457,008	**(307,620)**	**149,388**	**Cost of Services**		**516,188**	**(323,992)**	**192,196**

Group Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2023 (continued)

Gross Expenditure 2022/23	Gross Income 2022/23	Net Expenditure 2022/23		Notes	Gross Expenditure 2023/24	Gross Income 2023/24	Net Expenditure 2023/24
£000	£000	£000			£000	£000	£000
561	(11,333)	(10,772)	Other operating expenditure	6	586	(932)	(346)
24,707	(8,963)	15,744	Financing and investment income and expenditure	7	23,307	(20,335)	2,972
	(166,024)	(166,024)	Taxation and non-specific grant income	8		(193,977)	(193,977)
482,276	**(493,940)**	**(11,664)**	**(Surplus) or deficit on the provision of services**		**540,081**	**(539,236)**	**845**
		5,085	(Surplus) or deficit on interests in subsidiaries, associates and/or joint ventures				(1,368)
		(6,579)	**Group (surplus) or deficit**				**(523)**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(40,344)	Surplus or deficit on revaluation of non-current assets	12			50,550
		(193,108)	Actuarial gains or losses on pension assets and liabilities	31			(46,757)
		(33,953)	Interests in subsidiaries, associates and/or joint ventures other comprehensive income and expenditure				2,726
		(267,405)					**6,519**
			Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services				
			Surplus or deficit on revaluation of available-for-sale financial assets				
		(267,405)	**Other comprehensive income and expenditure**				**6,519**
		(273,984)	**Total comprehensive income and expenditure (surplus)/deficit**				**5,996**

The accompanying notes form part of these financial statements.

Group Movement in Reserves Statement

2023/24	Memorandum General Fund Balance*	Earmarked General Fund Reserves	Usable Reserves Total General Fund Balance & Earmarked Reserves	Housing Revenue Account (HRA)	Capital Grants & Contributions Unapplied	Major Repairs Reserve	Capital Receipts Reserve	Total Usable Reserves	Non-usable Reserves	Total Authority Reserves	Council's Share of AfC Reserves	Council's Share of CRE Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	(19,633)	(61,577)	(81,210)	(7,466)	(38,561)	(8,938)	(23,526)	**(159,701)**	**(835,052)**	**(994,753)**	2,124	525	(992,104)
Movement during 2023/24													
Total Comprehensive Expenditure and Income	(23,597)	-	(23,597)	24,442	-	-	-	**845**	3,793	**4,638**	**1,767**	**(409)**	**5,996**
Adjustments between accounting basis and funding basis under regulations (Note 10)	27,279	-	27,279	(28,336)	(5,497)	2,368	(505)	**(4,691)**	**4,691**	**-**			-
Net Increase/(Decrease) before transfers to Earmarked Reserves	**3,682**	**-**	**3,682**	**(3,894)**	**(5,497)**	**2,368**	**(505)**	**(3,846)**	**8,484**	**4,638**	1,767	(409)	5,996
Transfers to / (from) Earmarked Reserves	(3,682)	3,682	-	-	-	-	-	**-**		**-**			-
Increase / (Decrease) in Year	-	3,682	**3,682**	**(3,894)**	**(5,497)**	**2,368**	**(505)**	**(3,846)**	**8,484**	**4,638**	**1,767**	**(409)**	**5,996**
Balance at 31 March 2024	**(19,633)**	**(57,895)**	**(77,528)**	**(11,360)**	**(44,058)**	**(6,570)**	**(24,031)**	**(163,547)**	**(826,568)**	**(990,115)**	**3,891**	**116**	**(986,108)**

Group Movement in Reserves Statement (continued)

2022/23	Memorandum General Fund Balance*	Earmarked General Fund Reserves	Usable Reserves Total General Fund Balance & Earmarked Reserves	Housing Revenue Account (HRA)	Capital Grants & Contributions Unapplied	Major Repairs Reserve	Capital Receipts Reserve	Total Usable Reserves	Non-usable Reserves	Total Authority Reserves	Council's Share of AfC Reserves	Council's Share of CRE Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2022	(19,631)	(59,107)	(78,738)	(4,365)	(32,460)	(13,314)	(18,219)	**(147,096)**	**(602,541)**	**(749,637)**	31,381	137	(718,119)
Movement during 20201/22:													
Total Comprehensive Expenditure and Income	(3,368)		(3,368)	(8,296)	-	-	-	**(11,664)**	(233,452)	**(245,116)**	**(29,257)**	**389**	**(273,984)**
Adjustments between accounting basis and funding basis under regulations (Note 10)	896	-	896	5,195	(6,101)	4,376	(5,307)	**(941)**	**941**	**-**			-
Net Increase/(Decrease) before transfers to Earmarked Reserves	**(2,472)**	**-**	**(2,472)**	**(3,101)**	**(6,101)**	**4,376**	**(5,307)**	**(12,605)**	**(232,511)**	**(245,116)**	(29,257)	389	(273,984)
Transfers to / (from) Earmarked Reserves	2,470	(2,470)	-	-	-	-	-	**-**		**-**			-
Increase / (Decrease) in Year	(2)	(2,470)	**(2,472)**	**(3,101)**	**(6,101)**	**4,376**	**(5,307)**	**(12,605)**	**(232,511)**	**(245,116)**	**(29,257)**	**389**	**(273,984)**
Balance at 31 March 2023	**(19,633)**	**(61,577)**	**(81,210)**	**(7,466)**	**(38,561)**	**(8,938)**	**(23,526)**	**(159,701)**	**(835,052)**	**(994,753)**	**2,124**	**525**	**(992,104)**

Group Balance Sheet

31 March 2023		Notes	31 March 2024
£'000			£'000
	Long Term Assets		
1,138,573	Property, plant and equipment	13a	1,087,129
1,209	Heritage assets	13b	1,209
70,555	Investment property	14	57,236
5,773	Intangible assets	13c	4,524
5,955	Long term investments	17	1,021
15,170	Long term debtors	17	45,280
8,702	Net Asset Related to Defined Benefit Pension Scheme	31	71,974
-	Asset held for sale	15	-
1,245,937	**Total Long Term Assets**		**1,268,373**
	Current assets		
1,158	Asset held for sale	15	7,362
60,887	Short term investments	17	71,318
21,209	Inventories		20,249
53,809	Short term debtors	18	84,551
52,850	Cash and cash equivalents	20	2,464
189,913	**Total Current Assets**		**185,944**

Group Balance Sheet (continued)

31 March 2023		Notes	31 March 2024
£'000			£'000
	Current Liabilities		
(2,548)	Short term borrowing	17	(19,873)
(76,728)	Short term creditors	19a	(80,452)
(4,800)	Provisions	21	(3,431)
(54,094)	Grants receipts in advance	19b	(71,009)
(138,170)	**Total Current Liabilities**		**(174,765)**
	Long Term Liabilities		
-	Long term creditors		-
(301,227)	Long term borrowing	17	(276,997)
-	Other long term liabilities		(10,854)
(1,700)	Provisions	21	(1,586)
(2,649)	RBK share of interests in subsidiaries, associates and/or joint ventures		(4,007)
(305,576)	**Total Long Term Liabilities**		**(293,444)**
992,104	**Net Assets**		**986,108**

	Reserves		
(159,701)	Usable reserves		(163,547)
(835,052)	Unusable reserves	12	(826,568)
2,649	RBK share of interests in subsidiaries, associates and/or joint ventures		4,007
(992,104)	**Total Reserves**		**(986,108)**

The accompanying notes form part of these financial statements.

Group Cash Flow Statement

2022/23			2023/24
£000		Notes	**£000**
(6,579)	Net (surplus) or deficit on the provision of services		(523)
25,142	Adjustment to the net surplus or deficit on the provision of services for non-cash movements	G4	(83,674)
38,762	Adjustment for items in the net surplus or deficit on the provision of services that are investing or financing activities	G4	84,875
57,325	**Net cash flows from operating activities**		**678**
(3,806)	**Net cash flows from investing activities**	23	38,436
(8,675)	**Net cash flows from financing activities**	24	11,272
44,844	**Net increase/(decrease) in cash and cash equivalents**		**50,386**
	Represented by:		
36,935	Cash and cash equivalents at the beginning of the reporting period	20	52,850
15,915	Net increase/(decrease) in cash and cash equivalents	20	(50,386)
52,850	**Cash and cash equivalents at the end of the reporting period**		**2,464**

The accompanying notes form part of these financial statements.

Notes to the Group Accounts

G1. Introduction

Notes to the Group Accounts are presented where it is deemed that extra disclosure supporting the Council's notes to the single entity accounts is appropriate. Where notes have not been replicated in the Group Accounts, it is because it is deemed that there is no material change between the Council's single entity notes and the Group Accounts. The accounting policies of the subsidiary are in line with the Council's accounting policies.

The Council has significant interests in a number of entities, including Subsidiaries, Associates, and Investments. Significant interests have been identified as:

Achieving for Children CIC

AFC - the Company is wholly owned by three Councils who are determined to be Going Concerns. The Company is able to borrow from the Councils under a Revolving Credit Facility to ensure short term cash flow and the Councils are contractually committed to procuring children's services from AfC for seven years from April 2014 (Richmond and Kingston) and seven years from August 2017 (Windsor and Maidenhead). Richmond and Kingston have recently agreed to use the contract extension to commission services until 31 March 2026.

CRE LLP

CRE LLP is a 50:50 joint venture with Countryside Ltd to redevelop a housing estate in the borough, and is a going-concern. The council has input land into the joint venture and with its partner has provided a revolving credit facility to be funded on a 50:50 basis by the partners. On 31 March 2024, RBK's loan to CRE LLP stood at £2.661m

G2. Group external audit costs

The Council's share in respect of audit fees payable to Crowe LLP amounts to £28k. This reflects the Council's 40% share of the fees disclosed in AfC accounts.

G3. Major sources of estimation uncertainty

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at Current Value is re-valued at least every five years. The asset valuations are based on market prices. This is to ensure that the Authority does not materially misstate its non-current assets and values reflect current values.

The Council's property portfolio is valued on a rolling basis by **Cluttons LLP, Chartered Surveyor** under the instruction of the Council's Asset services. The valuation bases are in accordance with the Statement of Asset Valuation Practise and Guidance note of the Royal Institute of Chartered Surveyors.

Achieving for Children CIC has been assessed as a Going Concern. Despite the significant accounting losses reported in these Accounts, the Board and Senior Leadership Team have made significant progress in identifying how these financial challenges will be met and continue to develop these plans. The Board's Medium Term Financial Plan outlines these financial plans in more detail and addresses what actions are being taken to reduce the Company's cost base to accommodate proposed reductions in the owners' contract prices over the next three years. As with the parent Councils, the Company will revise pension contributions in line with the most up to date actuarial assessment and guidance.

Assets Valuation uncertainty and general assumptions:

Refer to note 4 and 13a in the Council's accounts for more information.

Actuarial valuation of pension assets and liabilities

The total comprehensive income for the year contains accounting adjustments recognising the net liability from defined pensions plans. Pension assets and liabilities and associated costs are included in AfC's accounts based upon an actuarial estimate that has been calculated in line with methodologies prescribed in IAS19.

The actuarial assumptions are largely prescribed at any point and reflect the market conditions at the reporting date. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase of salaries, deferred pension revaluation or pensions in payment); can have a significant effect on the value of the liabilities reported.

A reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. A rise in the net discount rate will have an opposite effect of similar magnitude.

There is also uncertainty around life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in payment.

The following table shows the Council's 40% share of the sensitivity analysis on changes to actuarial assumptions in AfC's accounts.

Change assumptions at 31 March 2024	Approx % increase to employer liability	Approx monetary increase
	%	£'000
0.5% decrease in real discount rate	10	7,486
0.5% increase in the salary rate	0	570
0.5% increase in the pension increase rate	10	7,052

G4. Group cash flows from operating activities

2022/23		2023/24
£'000		**£'000**
(7,295)	Interest received	(12,926)
16,189	Interest paid	9,727
8,894	**Total**	**(3,199)**
	Adjust net surplus or deficit on the provision of services for non-cash movements	
(26,652)	Depreciation	(28,824)
10,320	Impairment and downward revaluations	(28,818)
(2,202)	Amortisation	(2,590)
-	Increase / (decrease) in impairment for bad debts	-
24,873	Increase / (decrease) in creditors	(4,719)
(1,339)	(Increase) / decrease in debtors	22,087
-	(Increase) / decrease in inventories	77
(20,932)	Movement in Pension Liability	3,583
(3,442)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(33,776)
	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	
(1,738)	Provisions	1,483
(8,585)	Movement in the value of investment properties	(12,711)
(530)	Movement in value of carrying value of loans	(546)
-	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	(288)
5,085	Surplus or deficit interests in subsidiaries, associates and/or joint ventures based on Equity share	1,368
(25,142)	**Total non-cash adjustments**	**(83,674)**
-	Proceeds from the disposal of short-term and long-term investments	87
23,987	Capital Grants credited to surplus or deficit on the provision of services	42,392
14,775	Proceeds from the sale of property plant and equipment, investment property and intangible assets	42,396
13,620	**Total adjustments for investing or financing activities**	**84,875**

8. Pension Fund Accounts

These show the income and expenditure of the Royal Borough of Kingston upon Thames Local Government Pension Fund in relation to current employees and pensioners, investment transactions and the position of the Fund at year end including future liabilities.

Fund Account for the year ended 31 March 2024

2022/23			2023/24
£'000		**Note**	**£'000**
	Dealings with members, employers and others directly involved in the Fund		
(39,065)	Contributions	7	(44,500)
(4,655)	Transfers in from other pensions funds	8	(9,995)
(43,720)			**(54,495)**
36,086	Benefits	9	38,619
5,252	Payments to and on account of leavers	10	4,475
41,338			**43,094**
(2,382)	**Net (additions) / withdrawals from dealings with members**		**(11,401)**
10,150	Management expenses	11	7,348
7,768	**Net (additions)/withdrawals including fund management expenses**		**(4,053)**
	Returns on Investments		
(12,921)	Investment income	12	(20,517)
52	Taxes on income	13	54
39,552	(Profit) loss on disposal of investments and changes in the market value of investments	16b	(132,726)
26,683	**Net Return on Investments**		**(153,189)**
34,451	**Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year**		(157,242)
(1,127,544)	Opening Net Assets of the Scheme		**(1,093,093)**
(1,093,093)	Closing Net Assets of the Scheme		**(1,250,335)**

The accompanying notes form part of the financial statements.

Net Assets Statement for the year as at 31 March 2024

2022/23		Note	2023/24
£'000			£'000
150	Long-term assets		150
1,077,925	Investment assets	14	1,226,734
(168)	Investment liabilities	14	(4,127)
1,077,907	**Total Net Investments**		**1,222,757**
17,733	Current assets	20	29,515
(2,547)	Current liabilities	21	(1,937)
1,093,093	**Net Assets of the Fund available to fund benefits at the end of the reporting period**		**1,250,335**

The accompanying notes form part of the financial statements.

Notes to the Pension Fund Accounts

PF Note 1 - Description of the Fund

a) General

The Royal Borough of Kingston-upon-Thames Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by the Royal Borough of Kingston-upon-Thames.

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

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

The LGPS is a contributory defined benefit pension scheme established in accordance with statute, which provides pensions and other benefits for pensionable employees of the Royal Borough of Kingston-upon-Thames and the admitted and scheduled bodies in the Fund. Teachers are not included as they are entitled to other national pension schemes.

The benefits offered by the LGPS include retirement pensions, early payment of benefits on medical grounds, and payment of death benefits where death occurs either in service or in retirement.

b) Pension Fund Panel

The Council has delegated all matters relating to the Fund to the Pension Fund Panel. Its core functions include deciding upon the investment strategy, approving policy statements, and monitoring performance. The Panel is made up of five Members of the Council each of whom has voting rights and three other non-elected observer members (with voting dispensation until May 2026).

The Panel considers the views of the S151 Officer and obtains, as necessary, advice from the Fund's appointed investment advisers including an independent investment advisor, fund managers and actuary. The implementation of these decisions is delegated to the S151 Officer.

c) 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 Royal Borough of Kingston-upon-Thames Pension Fund include:

- 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.

PF Note 1 - Description of the Fund (continued)

Active Scheme employers at 31 March 2024 included the Administering Authority and LEA schools. Other participating organisations were as follows:

Scheduled bodies	**Scheduled bodies (cont.)**	**Admission bodies**
Bedelsford School	Southborough High School	Achieving for Children pool:
Castle Hill Primary School	St Agatha's Catholic Primary School	• *Achieving for Children*
Chessington School	St Philip's School	• *Achieving for Children (Windsor and Maidenhead)*
Coombe Academy Trust pool:	The Hollyfield School and Sixth Form Centre	Balance Support CIC
• *Coombe Boys' School*	The Holy Cross School	Culinera (Fern Hill Primary School)
• *Coombe Girls' School*	The Kingston Academy	DB Services (Tiffin School)
• *Green Lane Primary and Nursery School*	The Spring School	Gold Care Homes
• *Knollmead Primary School*	The Tiffin Girls' School	Hayward Services (Tolworth Girls' School and Sixth Form)
• *Robin Hood Primary and Nursery School*	Tiffin School	Independent Catering (Coombe Academy Trust)
Dysart School	Tolworth Girls' School and Sixth Form	Innovate Services (Southborough High School)
Fern Hill Primary School		London Grid for Learning

Scheduled bodies	Scheduled bodies (cont.)	Admission bodies
Kingston University		YBC Cleaning Services (Facilities Management)
Latchmere School		YBC Cleaning Services (Housing)
Richard Challoner School		Your Healthcare CIC

PF Note 1 - Description of the Fund (continued)

The following table summarises the membership numbers of the scheme:

2022/23		2023/24
No.		No.
36	Number of Employers with active members	37
	Active Members	
2,499	Royal Borough of Kingston-upon-Thames	2,632
2,327	Scheduled bodies	2,354
750	Admitted bodies	930
5,576		5,916
	Deferred Members	
4,674	Royal Borough of Kingston-upon-Thames	4,807
2,809	Scheduled bodies	3,033
489	Admitted bodies	580
7,972		8,420
	Pensioner Members	
3,894	Royal Borough of Kingston-upon-Thames	3,988
1,099	Scheduled bodies	1,171
195	Admitted bodies	207
5,188	-	5,366
18,736	**Total**	**19,702**

PF Note 1 - Description of the Fund (continued)

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Price Index.

Key details of the scheme's variants are shown in the table below:

	Service pre 1 April 2008	Service 1 March 2008 to 31 March 2014	Service post 31 March 2014
Pension	Accrual rate per annum of 1/80th of final pensionable pay	Accrual rate per annum of 1/60th of final pensionable pay	Accrual rate per annum of 1/49th of current year's pensionable pay
Lump sum	Automatic lump sum of 3 x pension. Option to exchange annual pension for tax free lump sum at a rate of £1 pension for £12 lump sum up to a maximum of 25% of total pension pot.	No automatic lump sum. Option to exchange annual pension for tax free lump sum at a rate of £1 pension for £12 lump sum up to a maximum of 25% of total pension pot.	

A range of other benefits are also provided including early retirement, ill-health pensions and death benefits. Further information is available at https://www.lgpsmember.org

e) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Under the current scheme, members can opt for the 50:50 option where they pay half their contributions for half the benefits.

Employers' contributions are set based on triennial actuarial funding valuations. Employer contribution rates payable from 1 April 2023 were set by the triennial valuation as at 31 March 2022, the results of which were published on 31 March 2023. In 2023/24, employer contribution rates ranged from 0.0% to 27.8% of pensionable pay.

PF Note 2 - Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2023/24 financial year and its position 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 2020/21' (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector. The continuation of service principle applies and these accounts have consequently been prepared on a going concern basis. The pension fund is a statutory backed scheme and also backed by an administering authority with tax raising powers.

The Accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The Accounts do not provide for obligations to pay pensions and 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) 19 basis, is disclosed at Note 19 of these Accounts.

Accruals Concept

Income and expenditure has been included in the Accounts on an accruals basis. The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The adequacy of the Fund to pay future pensions and other benefits is reported upon separately in these accounts.

Valuation of Investments

Investments are stated at their market values as at 31 March 2024 and are determined as follows:

- All investments priced within the Stock Exchange Electronic Trading Service (SETS), a Recognised or Designated Investment Exchange or Over-The-Counter market, are valued at the bid-market prices at close of business on the exchange or market on which the investment trades, or at the last trading price recorded.

- Securities which are not covered by the above are valued at their estimated realisable value. Suspended securities are valued initially at the suspended price but are subject to constant review.

- The value of Pooled Investment Vehicles have been determined at fair value in accordance with the requirements of the Code and IFRS 13

- Investments held in foreign currency have been valued on the relevant basis and translated into Sterling at the rate ruling at the balance sheet date.

- Transactions in foreign currency are translated into Sterling at the exchange rate ruling at the time of transaction.

PF Note 3 - Summary of significant accounting policies

Fund account – revenue recognition

a) Contribution Income
Normal contributions, both from members and employers, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.

Employer's augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Augmentation is the cost of additional membership awarded by an employer.

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. Amounts not due until future years are classed as long-term financial assets

b) Transfers to and from other schemes
Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations.

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

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

Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

c) Investment income
• Interest 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 the financial instrument and its amount as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

• Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset

• Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the financial year is disclosed in the Net Assets Statement as a current financial asset. Income from pooled investment vehicles which are held in accumulation share classes is retained within the pooled investment vehicle and therefore not recognised as investment income. This is instead reflected in the Change in Market Value of Investments (CIMV).

• Movement in the net market value of investments

Changes in the net market value of investments (including investments properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

d) Benefits payable
Pensions and lump sum benefits include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

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

Investment income, Note 12, is shown gross of irrecoverable taxes deducted. The Fund is reimbursed VAT by HM Revenue and Customs, and the accounts are shown exclusive of VAT

f) Management Expenses

Pension Fund management expenses are accounted for in accordance with the CIPFA guidance *Accounting for Local Government Pension Scheme Management Expenses (2016).*

• Administrative Expenses

All administrative expenses are accounted for on an accruals basis. All staff costs of the Pension Administration Team are charged direct to the Fund. Associated management, 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 accruals basis. All staff costs associated with governance and oversight are charged to the Fund. Associated management and accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

• Investment Management Expenses

All investment management expenses are accounted for on an accruals basis. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or decrease as the value of these investments change. The cost of obtaining investment advice from external consultants is included here.

Catch-up payments or additional contributions made to equalize an investor's capital position with other investors are recognized as investment management expenses when incurred. Such payments are considered administrative in nature and do not form part of the financial asset's fair value or the investor's capital contribution.

Net Assets Statement

g) Financial assets

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised by the Fund.

h) Foreign currency transactions
Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of 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.

i) Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund’s external managers. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of changes in value.

j) Financial liabilities

A financial liability is recognised in the net asset statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities relating to investment trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments. Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

k) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits should be disclosed and based on the requirements of IAS19 Post-Employment Benefits and relevant actuarial standards. As permitted under the Code, the financial statements include a note disclosing the actuarial present value of retirement benefits (Note 19).

l) Additional Voluntary Contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from the Pension Fund (see Note 22). AVCs are paid to the AVC providers by employers, specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement from the AVC provider company showing the amount held in their account and the movements in year.

m) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events. A contingentliability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes

PF Note 4 - Critical judgements in applying accounting policies

Critical judgements are those decisions other than estimation uncertainty that have the most significant impact on the financial statements. They represent decisions about how the authority has applied an accounting policy to a particular transaction, rather than about how that transaction has been valued. There were no such critical judgements made during 2023-24.

PF Note 5 - Assumptions made about the future and other major sources of estimation uncertainty

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

PF Note 5 - Assumptions made about the future and other major sources of estimation uncertainty (continued)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pension fund liability for the Royal Borough of Kingston Pension Fund can be measured. For example a 0.1% decrease in the discount rate assumption would result in an approximate increase of £20m in the Fund's pension liability; a one year increase in member life expectancy would increase the liability by approximately £43m; a 0.1% increase in the Pension Increase Rate (CPI) would increase the liability by approximately £19m and a 0.1% increase in the salary rate would increase the liability by approximately £1m.
McCloud	There is further uncertainty arising from a legal challenge to the Government's transitional arrangements following the public sector pension reforms in 2015. The McCloud case was upheld by the Court of Appeal in December 2018 which found the transitional arrangements to be discriminatory on the grounds of age and gender. Following consultation by government, the key features of the proposed remedy include levelling up benefits for the younger members who suffered discrimination using a form of final salary underpin. Final regulations came into force from 1 October 2023.	The potential impact of the McCloud case has been assessed by the Government Actuary Department (GAD) on a national LGPS-wide basis using a range of remedies and assumptions. The Council's actuaries have applied the same assumptions as used to prepare the IAS26 report to the remedies in the GAD review which indicate a potential increase in pension liabilities of 0.3%. This figure is based on a worst case scenario and the impact will be reduced if the remedies proposed are not as extensive as in the original GAD report.
Pooled property, infrastructure and private debt funds	The assets held by the Pension Fund include properties and assets managed by Fund Managers on a pooled basis. As the assets are unquoted, values are estimated by Fund Managers using comparable market data, indices and data from third parties, as well as projected revenue streams associated with the assets. The property, infrastructure and private debt funds do not have published prices, are not regularly traded and have many unobservable inputs feeding into their valuations and so will be treated as level 3.	The potential impact of this uncertainty cannot be measured accurately. The total of level 3 funds held by the Pension Fund are valued at £168.0m, and the variation around this value is estimated to be +/- 10%, which equates to +/- £16.8m.

PF Note 6 - Events after the reporting period end

There are no material adjusting or non-adjusting events after the reporting period end.

PF Note 7 - Contributions receivable

Employees' contributions are calculated on a sliding scale based on a percentage of their gross pay. The Council, scheduled and admitted bodies are required to make contributions determined by the Fund's actuary to maintain solvency of the Fund. The table below shows a breakdown of the total amount of employers' and employees' contributions

By category

2022/23		2023/24
£'000		**£'000**
(9,468)	**Employees' contributions**	(10,467)
	Employers' contributions	
(26,323)	Normal Contributions	(28,768)
(2,895)	Deficit Recovery Contributions	(4,969)
(379)	Augmentation Contributions	(296)
(39,065)		**(44,500)**

By authority

2022/23		2023/24
£'000		**£'000**
(16,662)	Royal Borough of Kingston Upon Thames	(20,142)
(16,209)	Scheduled bodies	(16,614)
(6,194)	Admitted bodies	(7,744)
(39,065)		**(44,500)**

PF Note 8 - Transfers in from other pension funds

The tables below show a breakdown of the total amount of benefits payable by category and by authority:

2022/23		2023/24
£'000		**£'000**
(4,270)	Individual transfers	(9,995)
(385)	Group transfers	-
(4,655)		**(9,995)**

PF Note 9 - Benefits payable

The tables below show a breakdown of the total amount of benefits payable by category and by authority:

By category

2022/23		2023/24
£'000		**£'000**
30,423	Pensions	33,871
4,826	Commutation and Lump sum retirement benefits	3,799
837	Lump sum death benefits	949
36,086		**38,619**

By authority

2022/23		2023/24
£'000		**£'000**
25,712	Royal Borough of Kingston Upon Thames	27,125
8,644	Scheduled bodies	9,522
1,730	Admitted bodies	1,972
36,086		**38,619**

PF Note 10 - Payments to and on account of leavers

2022/23		2023/24
£'000		**£'000**
152	Refunds to members leaving service	178
5,100	Individual transfers	4,297
5,252		**4,475**

PF Note 11 - Management expenses

2022/23		2023/24
£'000		**£'000**
1,116	Administration Expenses	1,315
8,858	Investment Management Expenses	5,822
176	Oversight and Governance	211
10,150		**7,348**

Management expenses for 2023/24 exclude costs that have not been directly incurred by the fund, either by being deducted from the net asset value of investments or by being deducted from income. This represents a change in how these costs have been presented in prior years.

PF Note 11a - Investment management expenses

Investment Management Expenses are further analysed below in line with CIPFA Guidance on Accounting for Management Costs in the LGPS. The figures below include management costs and embedded transaction costs deducted from the net asset value or from investment income.

2022/23		2023/24
£'000		**£'000**
5,578	Management Fees	4,212
35	Performance Fees	(67)
58	Custody Fees	47
3,187	Transaction Costs	1,630
8,858		**5,822**

PF Note 11b - External audit costs

2022/23		2023/24
£'000		**£'000**
41	External Audit Costs	65
41		**65**

PF Note 12 - Investment income

2022/23		2023/24
£'000		**£'000**
(3,263)	Equity Dividends	(3,130)
	Pooled Investments:	
(3,749)	- Fixed Income	(5,040)
(1,282)	- Property	(1,533)
(1,311)	- Credit	(7,777)
(2,924)	- Diversified Growth Funds	(1,024)
(153)	- Private Debt	-
(239)	Interest on Cash Deposits	(2,013)
(12,921)		**(20,517)**

PF Note 13 - Taxes on income

2022/23		2023/24
£'000		**£'000**
52	Withholding tax - equities	54
52		**54**

PF Note 14 - Investments

2022/23		2023/24
£'000		**£'000**
	Investment assets	
162,217	Equities	202,319
	Pooled Investments	
434,803	Equities	418,655
165,926	Fixed Income	211,053
66,989	Property	74,968
33,940	Credit	114,995
133,306	Diversified Growth Funds	67,853
37,858	Private Debt	42,970
38,068	Infrastructure	50,077
910,889		**980,571**
	Other Investment Balances	
3,917	Cash deposits	39,315
902	Accrued income and recoverable taxes	1,379
-	Amounts receivable for sales of investments	3,150
1,077,925	**Total Investment assets**	**1,226,734**

£'000	**Investment liabilities**	**£'000**
(168)	Amounts payable for purchases of investments	(4,127)

1,077,757	**Total Net Investments**	**1,222,607**

PF Note 14a - Analysis of Pooled Investment Vehicles

2023/24	ACS	FCP-FIS Mutual Fund	Unit trusts	Unitised insurance policies	OEIC	SICAV	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
- Equities				396,386	22,269		418,655
- Fixed Income	138,480					72,573	211,053
- Property		25,174	49,794				74,968
- Credit	114,995						114,995
- Diversified Growth Funds	67,853						67,853
- Private Debt			42,970				42,970
- Infrastructure			50,077				50,077
	321,328	**25,174**	**142,841**	**396,386**	**22,269**	**72,573**	**980,571**

ACS is a UK tax transparent collective investment scheme used by the LCIV. FCP-FIS - “Fonds Commun de Placement- Fonds d’Investissement Spécialisé” is a Luxembourg open-ended mutual fund. OEIC - “Open-ended Investment Company: an investment company that will issue (or redeem) shares on a regular basis in response to investor demand. SICAV - “Société d'investissement à capital variable”, similar to an OEIC but used in Europe.

2022/23	ACS	FCP-FIS Mutual Fund	Unit trusts	Unitised insurance policies	OEIC	SICAV	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
- Equities				415,262	19,541		434,803
- Fixed Income	95,187				31,801	38,937	165,925
- Property		25,557	41,432				66,989
- Credit	33,940						33,940
- Diversified Growth Funds	133,306						133,306
- Private Debt			37,858				37,858
- Infrastructure			38,068				38,068
	262,433	**25,557**	**117,358**	**415,262**	**51,342**	**38,937**	**910,889**

ACS is a UK tax transparent collective investment scheme used by the LCIV. FCP-FIS - “Fonds Commun de Placement- Fonds d’Investissement Spécialisé” is a Luxembourg open-ended mutual fund. OEIC - “Open-ended Investment Company: an investment company that will issue (or redeem) shares on a regular basis in response to investor demand. SICAV - “Société d'investissement à capital variable”, similar to an OEIC but used in Europe.

PF Note 14b - Reconciliation of movements in investments

2023/24	Value 31 March 2023	Purchases at Cost	Sales Proceeds	Change in Market Value	Value 31 March 2024
	£'000	£'000	£'000	£'000	£'000
Equities	162,217	96,481	(96,363)	39,984	202,319
Pooled Investment Vehicles:					
- Equities	434,803	1,103	(105,145)	87,895	418,655
- Fixed Income	165,926	70,845	(31,122)	5,404	211,053
- Property	66,989	10,775	(756)	(2,040)	74,968
- Credit	33,940	77,707	(406)	3,753	114,995
- Diversified Growth Funds	133,306	36,709	(97,034)	(5,128)	67,853
- Private Debt	37,858	2,165	(366)	3,313	42,970
- Infrastructure	38,068	13,076	(613)	(454)	50,077
Sub-total Investments	**1,073,106**	**308,861**	**(331,805)**	**132,727**	**1,182,889**
Other Investment Balances:					
Cash deposits*	3,917				39,315
Amounts Receivable for Sales	-				3,150
Accrued income and recoverable taxes	902				1,379
Amount payable for Purchases	(168)				(4,127)
Net Investment Assets	**1,077,757**	**308,861**	**(331,805)**	**132,727**	**1,222,607**

*Excludes cash held by Diversified Growth Funds

PF Note 14b - Reconciliation of movements in investments (continued)

2022/23	Value 31 March 2022	Purchases at Cost	Sales Proceeds	Change in Market Value	Value 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Equities	163,326	88,067	(86,285)	(2,891)	162,217
Pooled Investment Vehicles:					
- Equities	472,499	1,262	(20,452)	(18,506)	434,803
- Fixed Income	179,019	3,749	(531)	(16,311)	165,926
- Property	75,622	416	(1,685)	(7,364)	66,989
- Credit	35,509	1,311	(317)	(2,563)	33,940
- Diversified Growth Funds	152,181	2,924	(18,238)	(3,561)	133,306
- Private Debt	23,504	15,904	(3,942)	2,392	37,858
- Infrastructure	-	29,302	(488)	9,254	38,068
Sub-total Investments	**1,101,659**	**142,935**	**(131,938)**	**(39,550)**	**1,073,107**
Other Investment Balances:					
Cash deposits*	3,138	1,026	(251)	4	3,917
Amounts receivable for sales	862	-	(629)	(6)	-
Accrued income and recoverable taxes	923	85	(106)	-	902
Amounts payable for purchases	(410)	-	15	-	(168)
Net Investment Assets	**1,106,172**	**144,046**	**(132,909)**	**(39,552)**	**1,077,758**

*Excludes cash held by Diversified Growth Funds

PF Note 14c - Investments analysed by fund manager

31 March 2023			31 March 2024	
Market Value	**% of total**	**Fund Manager**	**Market Value**	**% of total**
£'000	**%**		**£'000**	**%**
		Investments pooled or deemed pooled with London Collective Investment Vehicle		
50,093	4.6%	LCIV Global Total Return Fund (Pyrford International)	-	0.0%
36,387	3.4%	LCIV Diversified Growth Fund (Baillie Gifford)	-	0.0%
46,826	4.3%	LCIV Absolute Return Fund (Ruffer)	67,853	5.5%
37,858	3.5%	LCIV Private Debt (Pemberton & Churchill)	42,970	3.5%
95,187	8.8%	LCIV Global Bond Fund (PIMCO)	138,480	11.3%
33,940	3.1%	LCIV Multi Asset Credit Fund (CQS & PIMCO)	114,995	9.4%
38,068	3.5%	LCIV Renewable Infrastructure Fund	50,077	4.1%
-	0.0%	LCIV London Fund	9,954	0.8%
-	0.0%	LCIV Housing Fund	150	0.0%
		Legal & General - Future World Global Equity Index Fund	192,986	15.8%
338,359	31.3%	Sub total	617,465	50.5%
		Investments managed outside of London Collective Investment Vehicle		
43,430	4.0%	UBS Global Asset Management	40,049	3.3%
184,410	17.1%	Fidelity Pensions Management	229,024	18.7%
256,356	23.8%	Columbia Threadneedle Investments - Global Equity Fund	203,400	16.6%
25,557	2.4%	M&G Investments	25,323	2.1%
158,906	14.7%	Legal & General - Future World Global Equity Index Fund	-	0.0%
38,937	3.6%	Janus Henderson Investors - Total Return Bond Fund	72,573	5.9%
31,801	3.0%	Janus Henderson Investors - All Stocks Credit Fund	-	0.0%

-	0.0%	Federated Hermes Money Market Fund	34,773	2.9%
739,398	68.6%	Sub total	605,142	49.5%
1,077,757	**100.0%**	**Total**	**1,222,607**	**100.0%**

PF Note 15 - Fair Value

Basis of valuation

The basis of the valuation of each class of investment asset is in accordance with the guidance contained in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). Asset and liability valuations are classified into three levels, according to the quality and reliability of information used to determine fair values. The investment assets of the Pension Fund are classed, as set out in the table below.

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
Fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange. Cash and short term investment debtors and creditors are classified as level 1.

Level 2
Quoted prices are not available and valuation techniques use inputs that are based significantly on observable market data. Investment assets classified at level 2 are those where quoted market prices are not available; for example, where an investment 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
At least one input that could have a significant effect on valuation is not based on observable market data. 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, and are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. They include private equity/debt and infrastructure investments. Assurances over the valuations are gained from the independent audit of their accounts by their auditors.

PF Note 15 - Fair value – basis of valuation (continued)

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Recognised at market value	Not required	Not required
Pooled investments - excluding pooled property funds	Level 2	Closing bid price where bid price published. Closing single price where single price published	NAV based pricing set on a forward pricing basis. Evaluated price feeds	Not required
Pooled investments - UK property funds where regular trading does not take place	Level 3	Valued by investment managers on a periodical basis using latest guidance	NAV based pricing set on a forward pricing basis with many unobservable inputs feeding into their calculations	Valuations could be affected by any changes to the values of the underlying properties, caused by changes to discount rate, estimated rental growth, vacancy levels etc
Pooled Infrastructure Investments	Level 3	EBITDA multiples, discounted cashflows, market comparable companies, replacement costs and adjusted net asset values	Discount factors, recent transaction prices, reported net asset values and fair value adjustments	Valuations could be affected by a range of variables , such as changes to expected cashflows, or the difference between audited and unaudited accounts
Private Debt	Level 3	Valued by underlying investment managers	NAV based pricing with many unobservable inputs feeding into their calculations	Valuations could be affected by a range of variables such as the quality of underlying collateral, varying degree of liquidity & many other unobservable factors

PF Note 15a - Fair value hierarchy

			31 March 2023					31 March 2024
Quoted Market Price Level 1	Using Observable Inputs Level 2	With Significant Unobservable Inputs Level 3	Total		Quoted Market Price Level 1	Using Observable Inputs Level 2	With Significant Unobservable Inputs Level 3	Total
£'000	**£'000**	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	**£'000**
162,217			162,217	Equities	202,319			202,319
				Pooled Investment Vehicles:				
	434,803		434,803	Equities		418,655		418,655
	165,926		165,926	Fixed Income		211,053		211,053
		66,989	66,989	Property			74,968	74,968
	33,940		33,940	Credit		114,995		114,995
	133,306		133,306	Diversified Growth Funds		67,853		67,853
		37,858	37,858	Private Debt			42,970	42,970
		38,068	38,068	Infrastructure			50,077	50,077
				Other Investment Balances:				
3,917			3,917	Cash Deposits	39,315			39,315
902			902	Accrued income and recoverable taxes	1,379			1,379
-			-	Amounts receivable for sales	3,150			3,150
(168)			(168)	Amounts payable for purchases	(4,127)			(4,127)
166,868	**767,975**	**142,914**	**1,077,757**	**Financial Assets at fair value through profit and loss**	**242,036**	**812,556**	**168,015**	**1,222,607**

PF Note 15b: Reconciliation of fair value measurements within Level 3

	Value 31 March 2023	Transfers into Level 3	Transfers out of Level 3	Purchases at Cost	Sales Proceeds	Change in Market Value	Value 31 March 2024
	£'000			£'000	£'000	£'000	£'000
Pooled Investment Vehicles:							
- Property	66,989	-	-	10,775	(756)	(2,040)	74,968
- Private Debt	37,858	-	-	2,165	(366)	3,313	42,970
- Infrastructure	38,068	-	-	13,076	(613)	(454)	50,077
Total	**142,915**	**-**	**-**	**26,016**	**(1,735)**	**819**	**168,015**

2022/23	Value 31 March 2022	Transfers into Level 3	Transfers out of Level 3	Purchases at Cost	Sales Proceeds	Change in Market Value	Value 31 March 2023
	£'000			£'000	£'000	£'000	£'000
Pooled Investment Vehicles:							
- Property	75,622	-	-	416	(1,685)	(7,364)	66,989
- Private Debt	23,504	-	-	15,904	(3,942)	2,392	37,858
- Infrastructure		-	-	29,302	(488)	9,254	38,068
Total	**99,125**	**-**	**-**	**45,622**	**(6,115)**	**4,282**	**142,915**

PF Note 15c: Sensitivity of assets valued within Level 3

	Potential variation in fair value	Value at 31 March 2024	Potential Value on Increase	Potential Value on Decrease
Property		74,968	82,465	67,471
Private Debt	"+/-" 10%	42,970	47,267	38,673
Infrastructure	+/- 10%	50,077	55,085	45,069
Total		**168,015**	**184,817**	**151,213**

	Potential variation in fair value	Value at 31 March 2023	Potential Value on Increase	Potential Value on Decrease
Property	+/- 10%	66,989	73,688	60,290
Private Debt	"+/-" 10%	37,858	41,643	34,072
Infrastructure	+/- 10%	38,068	41,875	34,261
Total		**142,915**	**157,206**	**128,623**

The uncertainty around property values is estimated to be as much as 10% and is caused by uncertainty over key inputs to property valuations, such as rents varying by 10%, yields varying by up to 25%, and gross to net leakage varying by up to 30%.

PF Note 16a - Classification of financial instruments

2022/23				2023/24		
Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost		Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
			Financial Assets			
162,217			Equities	202,319		
			Pooled Investments:			
434,803			Equities	418,655		
165,926			Fixed Income	211,053		
66,989			Property	74,968		
33,940			Credit	114,995		
133,306			Diversified Growth Fund	67,853		
37,858			Private Debt	42,970		
38,068			Infrastructure	50,077		
4,651			Other	39,717		
	15,412		Cash deposits		25,743	
	2,321		Sundry debtors		3,772	
1,077,757	**17,733**	**-**		**1,222,607**	**29,515**	**-**
			Long Term Assets			
	150		London CIV share capital		150	
1,077,757	**17,883**	**-**		**1,222,607**	**29,665**	**-**
			Financial Liabilities			
		(2,547)	Creditors			(1,937)
-	**-**	**(2,547)**		**-**	**-**	**(1,937)**
1,077,757	**17,883**	**(2,547)**	**Total**	**1,222,607**	**29,665**	**(1,937)**

PF Note 16b - Net gains and losses on financial instruments

2022/23		2023/24
£'000		£'000
	Financial Assets	
(39,556)	Designated at fair value through profit and loss	132,726
4	Financial assets at amortised cost	-
(39,552)		**132,726**

PF Note 17 - Nature and extent of risks arising from financial instruments

Key risks

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

- Market risk – the possibility that financial loss might arise for the Pension Fund as a result of changes in such measures as interest rates and stock market movements.
- Credit risk – the possibility that other parties might fail to pay amounts due to the Pension Fund.
- Liquidity risk – the possibility that the Pension Fund might not have funds available to meet its commitments to make payments.

Overall Procedures for Managing Risk

The Pension Fund's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2013 and the associated regulations. These regulations set out permissible financial instruments, require the Administering Authority to maintain and invest on behalf of the Pension Fund in accordance with its investment principles, to take professional advice, to review investment performance and to operate a separate Pension Fund bank account. Overall these procedures require the Administering Authority to manage Pension Fund risk by maintaining and investing in accordance with a:

- Investment Strategy Statement;
- Funding Strategy Statement;
- Statement of Governance Policy;
- Governance Compliance Statement.

The Pension Fund Investment Strategy is reviewed at least triennially following actuarial valuation by the Pension Fund Panel who monitor investment performance and compliance quarterly, including the internal control arrangements of external fund managers and the custodian.

a) Market risk

Market risk is the risk of loss from fluctuations in equity, bond 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.

In general, excessive volatility in market risk is managed through diversification of the portfolio in terms of asset classes, geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis

PF Note 17 - Nature and extent of risks arising from financial instruments (continued)

b) Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market. The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital.

Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short, is unlimited.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund investment strategy.

c) Other price risk – sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. 'Riskier' assets such as equities will display greater potential volatility than bonds as an example. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the last three years. Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows:

PF Note 17 - Nature and extent of risks arising from financial instruments (continued)

Value as at 31/03/2023	Change +/-	Value on increase	Value on decrease	Asset Type	Value as at 31/03/2024	Change +/-	Value on increase	Value on decrease
£'000	%	£'000	£'000		£'000	%	£'000	£'000
597,020	18.1	705,081	488,959	Equities	620,975	18.4	735,234	506,716
38,937	3.0	40,105	37,769	Fixed income - Absolute Return Bonds	72,573	3.3	74,968	70,178
126,988	6.6	135,370	118,607	Fixed Income - Corporate Bonds	138,479	7.4	148,726	128,232
66,989	14.1	76,434	57,544	Property	74,968	14.8	86,063	63,873
33,940	10.9	37,639	30,241	Credit	114,995	10.9	127,529	102,461
133,306	10.2	146,903	119,709	Diversified Growth Fund	67,853	10.6	75,045	60,661
37,858	11.5	42,212	33,504	Private Debt	42,970	10.6	47,525	38,415
38,068	15.4	43,930	32,206	Infrastructure	50,077	14.4	57,288	42,866
3,917	0.0	3,917	3,917	Cash	39,315	0.0	39,315	39,315
734	0.0	734	734	Other	402	0.0	402	402
1,077,757		**1,232,326**	**923,189**	**Total**	**1,222,607**		**1,392,095**	**1,053,119**

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The table below shows the sensitivity of the investments to interest rate changes.

PF Note 17 - Nature and extent of risks arising from financial instruments (continued)

Assets exposed to interest rate risk	Value as at 31 March 2024	Potential Movement on 1% Change in Interest Rates	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash deposits	39,315	-	39,315	39,315
Fixed income	211,053	8,970	202,083	220,023
Credit	114,995	2,909	112,084	117,904
Total	**365,363**	**11,879**	**353,482**	**377,242**

Assets exposed to interest rate risk	Value as at 31 March 2023	Potential Movement on 1% Change in Interest Rates	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash deposits	3,917	-	3,917	3,917
Fixed income	165,926	9,514	156,411	175,440
Credit	33,940	384	33,556	34,323
Total	**203,783**	**9,898**	**193,884**	**213,680**

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (GBP). The Fund is exposed to direct currency risks on its segregated overseas equity holdings.

The Fund's currency rate risk is routinely monitored by the Council and its investment advisers in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

Currency risk – sensitivity analysis

Following analysis of historical data, the council considers the likely volatility associated with foreign exchange rate movements to be 10.0%.

This analysis assumes that all other variables, in particular interest rates, remain constant.

The following table summarises the Fund's currency exposure as at 31 March 2024 along with the impact that a 10.0% strengthening / weakening of the pound against the various currencies in which the Fund holds investments would have on the values.

Value as at 31/03/2023	Value on 10% price increase	Value on 10% price decrease	Currency Exposure - Asset Type	Value as at 31/03/2024	Value on 10% price increase	Value on 10% price decrease
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
155,027	170,530	139,525	Overseas Equities	193,710	213,081	174,339
155,027	**170,530**	**139,525**	**Total assets available to pay benefits**	**193,710**	**213,081**	**174,339**

PF Note 17 - Nature and extent of risks arising from financial instruments (continued)

The value on increase and value on decrease for an individual currency exposure is calculated with reference to that currency's volatility, relative to GBP, over the three years to March 2024. Because currency changes are not necessarily correlated it is not appropriate to sum the outputs from each currency. In calculating the increase and decrease at a total fund level, it is necessary to establish the change in value of the aggregate of currencies held. It is this change that is applied to the overall currency exposure.

a) Credit risk

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

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The Pension Fund has selected bond managers who have an investment strategy which requires investment only in high investment grade and collateralised products and who use research and market knowledge to minimise exposure to credit risk. The Pension Fund uses a custodian to ensure that all money due is paid in full and on time. Internally invested cash is placed in a money market fund with Federated Hermes or with the Council's bankers.

b) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments. This will particularly be the case to meet the pensioner payroll costs; and also cash to meet investment commitments. The Pension Fund currently remains cash flow positive with contributions exceeding payable pensions, though this is regularly monitored.

The Council has immediate access to a proportion of its Pension Fund cash holdings, as these are held in an instant access interest bearing account and a money market fund with same day access. The remainder is invested in fixed term deposits taking into account likely future cash flows. Surplus funds are invested externally with fund managers. In the event of a funding shortfall the LGPS regulations permit the administering authority to borrow on behalf of the Pension Fund for up to 90 days. If required, funds can also be called back from investment managers to meet liabilities.

PF Note 18 - Funding arrangements

Actuarial Position
Rates of contributions paid by the participating Employers during 2023/24 were based on the actuarial valuation carried out as at 31 March 2022 by the Fund's actuary, Hymans Robertson. The objectives of the Fund's funding strategy is:

- to ensure the long-term solvency of the Fund, using a prudent long-term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (NB this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of three years. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable.

The majority of employers participating in the Fund pay different rates of contributions depending on their past experience, their current staff profile, and the recovery period agreed with the Administering Authority. Their contribution rates are calculated taking account of the Fund's funding strategy as described in the Funding Strategy Statement, and for the majority of employers using the projected unit actuarial method. The rates of contributions payable by each participating employer over the period 1 April 2023 to 31 March 2026 are set out in a certificate dated 31 March 2022 which is appended to the actuary's report on the actuarial valuation. For those bodies which have become separate employers within the Fund since the valuation date, their contribution rates have been calculated individually and certified by the Fund's actuary.

At the 2022 actuarial valuation, the fund was assessed as 111% funded (95% at the March 2019 valuation). This corresponded to a surplus of £113m (2019 valuation: £42m deficit) at that time. Contribution increases are phased in over the three-year period ending 31 March 2026 for both scheme employers and admitted bodies.

Commutation assumption

As at March 2022, it was assumed that future retirees will take 45% of the maximum additional tax-free lump sum up to HMRC limits. (50% as at March 2019 for pre April 2008 service and 75% for post April 2008 service)

50:50 option
As at March 2022 1.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option, it is assumed (0.0% as at March 2019).

PF Note 18 - Funding arrangements (continued)

The following table shows a summary of the results of the most recent valuation:

Summary of results of triennial valuation at 31 March 2022

Past Service Position	31/03/2019	31/03/2022
	£m	£m
Past Service Liabilities	(882)	(1,014)
Market Value of Assets	839	1,126
Surplus (Deficit)	(43)	112
Funding Level	95.0%	111.0%

PF Note 18 - Funding arrangements (continued)

Summary of results of triennial valuation at 31 March 2022 (continued)

Financial Assumptions	**31/03/2019**	**31/03/2022**
	Nominal	**Nominal**
CPI Inflation	2.3%	2.7%
Discount Rate	3.9%	4.2%
Salary Increases*	2.7%	3.2%
Pension Increases	2.3%	2.7%
Life Expectancy from Age 65	**31/03/2019**	**31/03/2022**
Male Pensioners	21.7	22.4
Male Non-Pensioners	22.6	23.4
Female Pensioners	23.9	25.1
Female Non-Pensioners	25.5	26.4

Contribution Rates	**2022/23**	**2023/24**
Employer Future Service Rate	18.3%	18.6%
Past service adjustment (21 year spread)	3.2%	1.8%
Total Employer Contribution Rate	**21.5%**	**20.4%**

Projected Annualised Returns over 20 Years (50th % ile)	2022
Property	5.00%
Unlisted Infrastructure Equity	6.50%
Diversified Growth	3.80%
Credit	4.40%
Absolute Return Bonds	2.90%
All World ex UK Equity	6.30%
Direct Lending (Private Debt)	6.80%

PF Note 19 - Actuarial present value of promised retirement benefits

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

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 18). The actuary has also used valued ill health and death benefits in line with IAS 19.

31 March 2023		31 March 2024
£m		£m
(1,046)	Actuarial Fair Value of Promised retirement benefits	(1,071)
1,065	Net Fund Assets available to fund benefits	1,250
19	**Net Asset**	**179**

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 triennial funding valuation (see Note 18) because IAS 19 stipulates a discount rate, rather than a rate which reflects market rates.

Other key assumptions used are set out in the table below:

2022/23		2023/24
%		%
3.0	Pension increase rate (CPI)	2.8
3.5	Salary increase rate	3.3
4.8	Discount rate	4.8

PF Note 20 - Current assets

31 March 2023		31 March 2024
£'000		**£'000**
1,249	Contributions Due	2,756
1,072	Other debtors	1,016
15,412	Cash at Bank	25,743
17,733	**Total Current Assets**	**29,515**

PF Note 21 - Current liabilities

31 March 2023		31 March 2024
£'000		**£'000**
(665)	Benefits Payable	(110)
(1,882)	Other Creditors	(1,827)
(2,547)	**Total Current Liabilities**	**(1,937)**

PF Note 22 - Additional voluntary contributions

A number of active Fund members have elected to pay additional voluntary contributions to increase their personal benefits. Regulation 4(1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require that these are not paid into the Pension Fund.
The total AVCs paid by members in 2023/24 were £100,740 (£137,544 in 2022/23).

Market Value 31 March 2023	Contributions 2022/23		Market Value 31 March 2024	Contributions 2023/24
£'000			£'000	
76	-	Utmost Life and Pensions	56	-
751	138	Aviva	812	101
827	**138**		**868**	**101**

These are invested with the Council's approved AVC providers and are a money purchase arrangement.

PF Note 23 - Related party transactions

The Council is a related party to the Fund and in accordance with the regulations the Council's expenses in administering the Scheme are charged to the Fund. The amount charged by the Council for 2023/24 was £1,211,576 (£1,107,052 in 2022/23)

None of the Councillors voting on the Pension Fund Panel are members of the Pension Fund.

The key management personnel for the Pension Fund are the same as for the Council as a whole. Their costs have been reasonably apportioned between the Pension Fund Accounts and the Authority's Accounts, and are within scheme administration expenses as above. Extra disclosure can be seen in the Authority's accounts under the notes related to Senior Officers remuneration and Related Party Transactions.

The Council has a significant interest in one designated body (Achieving for Children Ltd) which is within the Fund for which the Fund received £4.749m in employer contributions, deficit and early retirement costs from this body in 2023/24 (£3.930m in 2022/23).

PF Note 23a - Key Management Personnel Remuneration

The key management personnel for the Pension Fund are the Interim Director of Finance/Section 151 Officer, the Head Pensions Administration, and the Head of Pension Investments at the Royal Borough of KIngston Upon Thames. Their costs have been reasonably apportioned between the Pension Fund Accounts and the Authority's Accounts and are given in the table below. The short-term benefits shown below are also included within administration expenses in Note 11. The post-employment benefits shown below are included in the calculation of the actuarial fair value of promised retirement benefits in Note 19.

31 March 2023			31 March 2024
£'000			£'000
115		Short-term benefits	119
168		Post-employment benefits	206
283			**325**

PF Note 24 - Contingent liabilities and contingent assets

There are no contingent assets or contingent liabilities at 31 March 2024 or 31 March 2023.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes, due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. The Fund is monitoring developments in terms of whether there is expected to be any impact on LGPS Funds and will consider if there are any implications for the Fund. At this time, the Fund does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

As at 31 March 2024, there was an outstanding contractual commitment to the LCIV Private Debt Fund in the sum of £18.0m (£20.2m in 2022/23), the LCIV Renewable Infrastructure Fund of £68.6m (£56.7m in 2022/23), the LCIV Housing Fund of £44.8m (£0 in 2022/23) and the LCIV London Fund of £15.0m (£0 in 2022/23).

PF - Glossary of terms

Accounting Period
The timescale during which accounts are prepared. Local Authority accounts have an overall accounting period of one year from 1 April to 31 March.

Accounting Policies
Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements. Accounting policies define the process whereby transactions and other events are reflected in the financial statements.

Accounting Standards
A set of rules explaining how accounts are to be kept. By law, local authorities must follow 'proper accounting practices', which are set out in Acts of Parliament and in professional codes and statements of recommended practice.

Accruals
This is the concept that income and expenditure are recognised as they are earned or incurred and not as money is received or paid.

Active Member
A member of an occupational pension scheme who is building up pensions benefits, in either a defined benefit or a defined contribution scheme, from their current job.

Actuarial Valuation
Every three years the Actuary reviews the assets and liabilities of the Pension Fund and reports to the Council on the fund's financial position and recommended employers' contribution rates.

Actuary
An adviser on financial information and assumptions relating to the pension scheme.

Admission Bodies
A body which can be admitted to the LGPS with the agreement of the Administering Authority, it must be non-profit-making and will normally be in receipt of a grant from either central or local government.

Assets
Any item of economic value owned by an individual or corporation, especially that which could be converted to cash

Balance Sheet
A Statement of the Council's assets and liabilities at 31 March (Balance Sheet date).

Cash & Cash Equivalents
Cash is represented by money held by the Council and deposits available on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Chartered Institute of Public Finance and Accountancy (CIPFA)
This is the accountancy body that produces standards and codes of practice for accounting and financial functions in the public sector. It is one of the bodies responsible for the two principal codes of practice that determine how the Council presents its accounts.

The Code
The Local Authority Accounting Code of Practice provides guidance to all Local Authorities on how applying accounting standards for the production of the Statement of Accounts and outlines information that must be included. The Code of Practice is based on International Financial Reporting Standards (IFRS), and has been developed by CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

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

PF - Glossary of terms (continued)

Contingent Liabilities
These are potential losses for which a future event will establish whether a liability exists. As it is not appropriate to establish provisions for such amounts, they are not accrued in the financial statements, but disclosed separately in a note to the Comprehensive Income and Expenditure Statement.

Creditors
These are amounts owed by the Council for goods and services supplied, but for which payment has not been made at the end of the financial year.

Current Assets
These are assets that will be consumed within the next accounting period (i.e. less than one year).

Current Liabilities
Those amounts which become payable or could be called upon in the next accounting period (i.e. less than one year).

Current Service Cost (Pensions)
The increase in the present value of the pension scheme's liabilities expected to arise from employee service in the current period.

Debtors
These are amounts owed but not received at the end of the financial year.

Deferred Member
A member who is no longer active in the pension scheme but is not yet in receipt of a pension.

Defined Benefits Pension Scheme
Retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. The scheme may be funded or unfunded.

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

Equity
The capital of a company belonging to the ordinary shareholders who have voting rights allowing them to influence the management of the company.

Events after the Balance sheet date
Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

Fair Value
Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Financial Instruments
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.

Fixed Interest Security
A security which yields fixed and regular income (interest).

General Fund
The Council's main revenue account that covers the net cost of all services other than the provision of council housing for rent.

PF - Glossary of terms (continued)

Going Concern
The Council's financial statements are prepared on a going concern basis; that is, the accounts are prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

IAS19
Accounting Standard requiring the recognition by an authority of the attributable share of the assets and liabilities of pension funds with which it is associated showing the employer's commitment to increase contributions to make up any shortfall in attributable net assets, or its ability to benefit (via reduced contributions) from a surplus in the scheme, even though the fund retains title to the assets and the responsibility to pay pensions.

IAS26
Accounting Standard on Accounting and Reporting by Retirement Benefit Plans. The Standard specifies the minimum contents of the financial statements of a pension fund. It requires that defined benefit pension funds should prepare a statement of net assets and include a note disclosing the actuarial present value of promised vested and non-vested retirement benefits. It also requires that pension fund assets are carried at fair value.

Impairment
A reduction in the value of a fixed asset below its carrying amount on the Balance Sheet.

International Financial Reporting Standards (IFRS)
The accounting standards adopted by the International Accounting Standards Board (IASB).

Intangible Assets
These are assets of value that do not have physical substance, for example software licences, franchises and patents. Expenditure incurred on these assets is capitalised at cost and charged to the Balance Sheet.

Interest Cost (Pensions)
For a defined benefit scheme, the expected increase during the period, in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investment Properties
Property that is held solely to earn rentals or for capital appreciation.

Liability
A financial obligation, debt, claim, or potential loss.

Net Book Value (NBV)
An asset or liability's original book value net of any accounting adjustments such as depreciation

Net Realisable Value
The open market value of the asset less the expenses to be incurred in realising the asset.

Past Service Costs (Pensions)
For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Post Balance Sheet events
Events arising after the balance sheet date should be reflected in the statement of accounts if they provide additional evidence of conditions that existed at the balance sheet date and materially affect the amounts to be included.

PF - Glossary of terms (continued)

Prior Year Adjustments
These are material adjustments, which are applicable to prior years arising from the correction of fundamental errors or inaccuracies. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provision
This is an amount, which is set aside for a liability or loss in respect of a past event, which is likely to be incurred, but where the exact amount and date on which it will arise is uncertain.

Related Parties
Two or more parties are defined to be related parties when at any time during the financial period concerned, one party has direct or indirect control or influence on the other party, for example;

The parties are subject to common control from the same source; or one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests. Or the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Related Party Transaction
A related party transaction is the transfer of assets or performance of services by to or for a related party irrespective of whether a charge is made.

Scheduled Body
There are a number of employers who are required to provide membership of the Local Government Pension Scheme to all their employees. These employers are listed in a schedule that appears at the back of the Local Government Pension Scheme Regulations. Unlike admitted bodies, scheduled bodies cannot refuse membership of the Scheme to their employees

Section 151 Officer
Section 151 of the Local Government Act 1972 requires each local authority to appoint a suitably qualified officer to be responsible for the proper administration of its financial affairs. This officer is sometimes referred to as the Section 151 Officer.

Security
Any kind of transferable certificate of ownership.

Termination Benefits
Amounts payable to employees as a result of a decision by the Council to terminate an officer’s employment prior to normal retirement age or an officer’s decision to accept voluntary redundancy.

Unitised Fund
An investment vehicle whereby the contributions of a number of unit-holders are pooled and the total amount is then used to purchase assets such as shares, bonds, property and cash.

9. Annual Governance Statement 2023/24

This provides assurances on the Council's governance framework, that comprises the systems, processes, culture and values by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads the community.

The Annual Governance Statement will be published alongside but does not form part of the Final Accounts and so is not subject to the same inspection of accounts regime.

THE ROYAL BOROUGH OF
KINGSTON
UPON THAMES

THE COUNCIL'S RESPONSIBILITY

The Royal Borough of Kingston upon Thames (RBK) is responsible for making sure its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for. RBK has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, considering a combination of **economy**, **efficiency** and **effectiveness**.

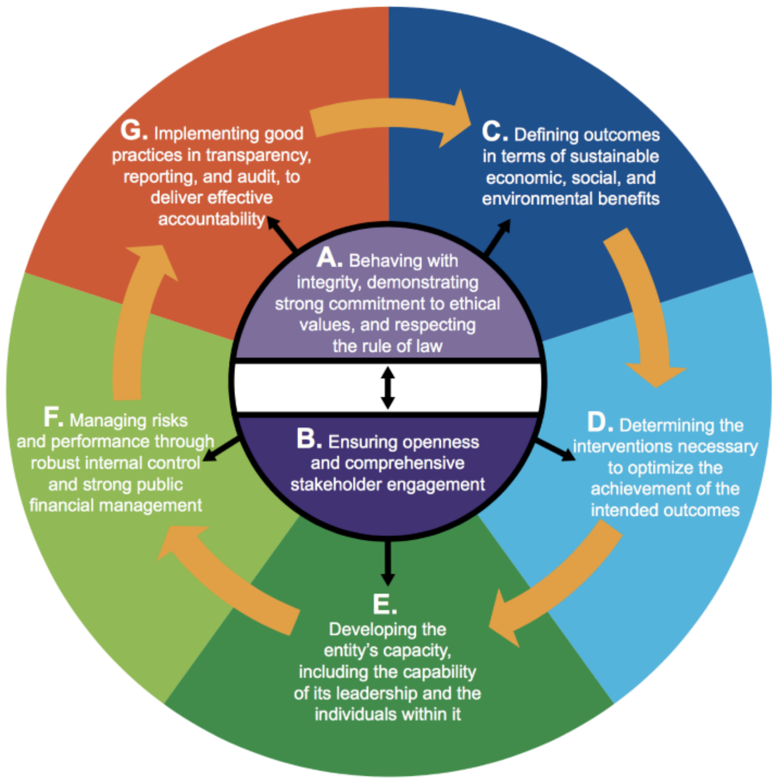
The Council is responsible for putting in place proper arrangements for the governance of its affairs, making sure its functions are exercised effectively and including arrangements for the management of risk. This statement is "an open and honest self-assessment" of the Council's performance across all its activities.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework is made up of the systems and processes, culture, and values by which the Council is directed, controlled, accounts to, engages with and leads Kingston's communities. It enables the Council to monitor the achievement of its strategic objectives and if those objectives have led to the delivery of appropriate, cost effective services. Whilst supporting the Council's arrangements for risk management, it cannot eliminate all risk to the achievement of policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

THE GOVERNANCE FRAMEWORK

The CIPFA/SOLACE Framework for Delivering Good Governance in Local Government (2016) provides a core set of seven principles, set out in the diagram listed below to support good governance and the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. RBK's Local Code of Corporate Governance reflects these principles.



The Constitution

The Constitution sets out the processes for how the Council considers issues and makes decisions. Its key purpose is to enable good quality decision making. It is a living document which means it is regularly updated and developed to reflect changes in legislation and the way we organise ourselves and do things. A detailed review of the Constitution took place in 2018/19 with further updates since. A more detailed review is currently being conducted by a cross-party working group.

Corporate Performance and Risk Management

The Council has a Risk Management Framework (approved in 2019) and directorate risk registers are updated quarterly alongside the quarterly performance management reporting cycle. Significant risks are escalated to the Corporate Risk Register for review by SLT and a bi-annual report is produced for the Audit, Governance and Standards Committee. The Corporate Performance and Risk Board continues to ensure a golden thread through performance, risk management, and audit outcomes.

The organisation's approach to risk continues to mature. In the last year further work has been undertaken on the organisation's approach to risk management and a target risk score has been added to the risk register to ensure risks are managed appropriately.

The Council has a robust Audit, Governance and Standards Committee to strengthen and consolidate its governance arrangements and provide the core functions as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities". This includes providing independent and effective challenge in ensuring the council's internal control and risk framework is effective.

Commissioning Framework

The Commissioning Governance Board and Strategic Commissioning Board continue to support good governance of the Council's commissioning arrangements. A review of the organisation's procurement and governance framework was conducted in preparation for new procurement regulations coming into force in October 2024. The author of the review was exceedingly impressed with RBK's literature and approach to commercial governance and found RBK to be one of the best Councils he has reviewed. Recommendations were made for how to continue to progress and be ready for the new legislation and this will be a focus of the Annual Governance Action Plan for 2024-25.

Government Funding

The financial context in which the Council is operating has been uncertain for a number of years due to the short term nature of the recent spending reviews. The latest announcement once again gave certainty for one year only. There is no certainty over funding in future years at all and allocations will be subject to the decisions of the incoming government after the general election. This lack of certainty means that while the Council remains in a robust position financially, there are significant medium term financial risks that the Council needs to take account of and manage to ensure it remains financially resilient. This uncertainty has only been made greater by broader global economic impacts from the war in Ukraine along with conflict in the Middle East.

The Council is not immune to the effects of the turbulence in the wider economy that has been experienced in recent years, with high inflation driving up costs of both regular service delivery and capital projects. The impact on individuals of the cost of living crisis arising from this economic situation also increases demand for Council services and places a risk on the Council's income base.

The external auditors issued an unqualified opinion on the Council's 2021/22 financial statements in April 2024. This lengthy delay due to delays in previous years meant that audit work on the 2022/23 financial statements was also delayed. That work is substantially complete and a draft audit findings report was issued in May 2024. The final opinion will be unable to be issued until the final outstanding queries are resolved which is expected to be progressed when the auditors return from health service audits in June 2024.

Commercial Arrangements

The Council has the following commercial arrangements:

- **Achieving for Children (AfC)**

  AfC is a Community Interest Company jointly owned by RBK and two other local authorities and is commissioned to deliver their children's services. Kingston has a 40% share of the guarantee of this community interest company. The Council's joint ownership functions of this community interest company are exercised through a Joint Ownership Board and reserved matter decisions are made by the committee with oversight of children's services for each of the three local authorities. The Committee is responsible for decisions on those matters that are reserved to the Council. All other decisions are delegated to the Board of Directors of AfC which includes non-executive independent directors jointly appointed by the three local authorities as well as two Kingston appointed directors. Governance arrangements require that a review of the effectiveness of internal control is carried out by the Director of Children's Services and reviewed by the Chief Operating and Finance Officer. Findings are reported to AfC's Audit and Risk Committee which agrees a Statement of Internal Control and advises the Board that the Company has adequate and effective arrangements in place in relation to company governance, risk management, internal control, treasury management and value for money systems and frameworks.

  No significant issues were identified in the Internal Control Statement for 2023/24 however a number of areas of focus were identified for the coming year where there is further scope to strengthen controls. These include the further development and strengthening of budget management accountability mechanisms to manage budget challenges and savings targets, health and safety assurance, procurement, strengthening of ICT arrangements, updating and implementation of strategies in relation to workforce and sufficiency of local social care and education placements as well as working with the NHS to strengthen local access to mental health support for young people in the borough.

- **Cambridge Road Estate Joint Venture, Limited Liability Partnership Board (CRE JV LLP)**

  The Council has established a JV Company with Countryside Properties following a positive ballot for the regeneration of the Cambridge Road Estate which will oversee the £800m scheme over the next 10-15 years. The CRE JV Board includes Councillor Board members, selected following an internal recruitment process to assess suitability and skills required to undertake such commercial activities, officers and an expert Non-Executive Director. An internal audit of CRE governance arrangements was completed in March 2024 which reported a "Reasonable Assurance" opinion.

- **Kingston Theatre LLP**

  The Council owns a 95% share in Kingston Theatre LLP who own the building operated by Kingston Theatre Trust and known as The Rose.

  The remaining 5% of Kingston Theatre LLP is owned by Kingston university. The company has been established for over 10 years and their sole purpose is to act as landlord for the Theatre. There is representation on the board for both the Council and the university.

Statutory Integrated Care System

The SWL Integrated Care Board (ICB) became a legal entity on 1 July 2022 and leads the South West London Integrated Care System (ICS), bringing together NHS organisations, the boroughs of Croydon, Kingston, Merton, Richmond, Sutton & Wandsworth, Healthwatch organisations, charities and community and voluntary organisations. The Partnership Agreement has been approved and articulates the relationship between the ICB and the Kingston Place Based Partnership Committee. The Kingston Partnership Board continues to provide a forum for the bringing together of stakeholders and delivering the statutory duties of the Health and Wellbeing Board. The Terms of Reference will be updated in 2024/25.

Governance Arrangements and External Sources of Assurance

A number of new governance arrangements

were introduced in the 2020/21 financial year.

The focus for 2021/22 was the embedding of those arrangements and ensuring they are fit for purpose. Work has continued into the 2023/24 financial year to continue to embed strengthened arrangements and keep a continual review of how the organisation is ensuring its governance is robust.

Grant Thornton's Annual Report dated January 2024 identified no significant weaknesses in Kingston's governance. A recommendation was made in respect of Major Projects, this being a governance audit of CRE which has been completed.

Effectiveness of Governance Arrangements

The Royal Borough of Kingston upon Thames has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the authority who have responsibility for the development and maintenance of the governance environment, the work of the General Counsel and Internal Audit and by comments made by external auditors and other review agencies and inspectorates.

The process for maintaining and reviewing the effectiveness of the governance framework in place in 2023/24 was led by the Head of Internal Audit and General Counsel who carried out the following work:

- reviewing reports from Internal and External Audit, external inspectors and other independent reviews
- completion of governance self assessments by senior officers
- holding discussions with key senior officers to assess the Council's corporate governance framework
- Attending Departmental Management Team meetings to discuss governance issues.

Annual Governance Statement (continued)

Key elements of the governance framework operating during the year under review (2023/24) include the following bodies:

Council	Sets the policy and budgetary framework and is responsible for the appointment of the Mayor; members of other bodies such as the Strategic, Regulatory and Neighbourhood Committees. It also adopts the Code of Conduct for Councillors, agrees changes to the Council's Constitution and terms of reference for Committees, Panels and other Member bodies.
Strategic Committees	Responsible for making decisions on those powers, duties and functions of the Council that fall within their remit within overall Council policy
Neighbourhood Committees	Four neighbourhood committees made up of the councillors representing the electoral wards in each neighbourhood. Each neighbourhood has access to grant funding and can make decisions on a range of services, including traffic management, planning applications, parks, libraries, housing management, youth service and any matters which fall solely within a single Neighbourhood
Audit, Governance and Standards Committee	Reviews internal audit strategy, plans and performance, considers the most significant issues arising from internal and external audit work and obtains assurance that appropriate action is being taken on those issues. Maintains an overview of the effectiveness of the Council's corporate governance arrangements particularly those concerned with risk management, internal control, financial governance, anti-fraud and anti-corruption strategies, approves the Annual Governance Statement and receives and considers the Council's Final Accounts and accompanying financial statements. Promotes and maintains high standards of conduct amongst elected, co-opted and advisory members of the authority. Advises the Council on the adoption of the Code of Conduct for Councillors, including its monitoring and updating.
Council	Sets the policy and budgetary framework and is responsible for the appointment of the Mayor; members of other bodies such as the Strategic, Regulatory and Neighbourhood Committees. It also adopts the Code of Conduct for Councillors, agrees changes to the Council's Constitution and terms of reference for Committees, Panels and other Member bodies.
Strategic Committees	Responsible for making decisions on those powers, duties and functions of the Council that fall within their remit within overall Council policy
Neighbourhood Committees	Four neighbourhood committees made up of the councillors representing the electoral wards in each neighbourhood. Each neighbourhood has access to grant funding and can make decisions on a range of services, including traffic management, planning applications, parks, libraries, housing management, youth service and any matters which fall solely within a single Neighbourhood

Regulatory Committees	The Planning Committee is responsible for decisions on large planning applications and those which neighbourhood committees are unable to deal with. The Licensing Committee reviews policy on licensing matters and appoints sub-committees which consider individual applications for activities which require licences, such as the sale of alcohol
Strategic Commissioning Board (SCB)	Provides strategic oversight and scrutiny of RBK's commissioning and contract management practice. This meets quarterly and a highlight report is presented at each meeting which considers the performance and challenges across the Council's commissioning activity and practice.
Transformation Board	The Transformation Board meets every 8 weeks and has ownership of the outcomes of Kingston's transformation programme. The Board is responsible for overseeing the transformation critical path and monitors and reviews progress, financial benefits, allocation of resources, risk management.
Capital and Infrastructure Board	The Capital Board meets quarterly and leads on the development of the Capital Strategy that is consistent with Council vision and objectives. The board recommends a capital programme to members based on rigorous business cases, approves a 'pipeline' of capital projects, monitors the progress of capital schemes in the programme against key milestones and actual expenditure against budget. It receives and reviews in year changes to the capital programme, with delegated authority to approve changes and business cases up to £500k.
Kingston Development and Investment Board	• The Board is chaired by the Chief Executive with attendance from the S151 officer, General Counsel and the Executive Director of Place, with responsibility for ensuring delivery, managing risks, governance and financial oversight across the portfolio and decisions. This is supported by a delivery board which ensures a strong PMO approach and corporate oversight.
Regulatory Committees	The Planning Committee is responsible for decisions on large planning applications and those which neighbourhood committees are unable to deal with. The Licensing Committee reviews policy on licensing matters and appoints sub-committees which consider individual applications for activities which require licences, such as the sale of alcohol
Strategic Commissioning Board (SCB)	Provides strategic oversight and scrutiny of RBK's commissioning and contract management practice. This meets quarterly and a highlight report is presented at each meeting which considers the performance and challenges across the Council's commissioning activity and practice.

Council	Sets the policy and budgetary framework and is responsible for the appointment of the Mayor; members of other bodies such as the Strategic, Regulatory and Neighbourhood Committees. It also adopts the Code of Conduct for Councillors, agrees changes to the Council's Constitution and terms of reference for Committees, Panels and other Member bodies.	**Scrutiny Panel**	Established to consider Member and Community call-ins
Strategic Committees	Responsible for making decisions on those powers, duties and functions of the Council that fall within their remit within overall Council policy	**Kingston Partnership Board**	Consists of partners from Statutory, Voluntary and Business sectors to set the overall vision and direction for partnerships working in Kingston. When exercising the functions of the Health and Wellbeing Board, it brings together representatives from the Council, the NHS Place based partnership and Healthwatch to have oversight of the Council's public health functions and ensure health services in the Borough are properly integrated.
Neighbourhood Committees	Four neighbourhood committees made up of the councillors representing the electoral wards in each neighbourhood. Each neighbourhood has access to grant funding and can make decisions on a range of services, including traffic management, planning applications, parks, libraries, housing management, youth service and any matters which fall solely within a single Neighbourhood	**Kingston Health Overview Panel**	Acts as a lever to improve the health of local people in the widest sense. It looks at the whole health system, not just services provided, commissioned or managed by the NHS. It scrutinises and make reports or recommendations to the Council, health bodies and other relevant agencies about possible improvements in service
Audit, Governance and Standards Committee	Reviews internal audit strategy, plans and performance, considers the most significant issues arising from internal and external audit work and obtains assurance that appropriate action is being taken on those issues. Maintains an overview of the effectiveness of the Council's corporate governance arrangements particularly those concerned with risk management, internal control, financial governance, anti-fraud and anti-corruption strategies,	**Kingston and Richmond Safeguarding Children Partnership**	Responsible for the safeguarding arrangements of children and families in Kingston and Richmond. Replaces the Local Safeguarding Children's Board

	approves the Annual Governance Statement and receives and considers the Council's Final Accounts and accompanying financial statements. Promotes and maintains high standards of conduct amongst elected, co-opted and advisory members of the authority. Advises the Council on the adoption of the Code of Conduct for Councillors, including its monitoring and updating.		
Regulatory Committees	The Planning Committee is responsible for decisions on large planning applications and those which neighbourhood committees are unable to deal with. The Licensing Committee reviews policy on licensing matters and appoints sub-committees which consider individual applications for activities which require licences, such as the sale of alcohol	**Kingston Safeguarding Adults Board**	Governed by the Care Act 2014, the Board's role is to seek assurance that agencies are working together effectively to keep adults safe from abuse and neglect.
Strategic Commissioning Board (SCB)	Provides strategic oversight and scrutiny of RBK's commissioning and contract management practice. This meets quarterly and a highlight report is presented at each meeting which considers the performance and challenges across the Council's commissioning activity and practice.	**Corporate Performance and Risk Board**	Chaired by the Monitoring Officer with attendance by senior officers with responsibility for reviewing performance against KPIs, the risk register, audit outcomes and the Annual Governance Statement Action Plan
Transformation Board	The Transformation Board meets every 8 weeks and has ownership of the outcomes of Kingston's transformation programme. The Board is responsible for overseeing the transformation critical path and monitors and reviews progress, financial benefits, allocation of resources, risk management.	**Corporate Information Governance Group**	Chaired by the Monitoring Officer with attendance by officers with statutory responsibility for Governance - the Data Protection Officer, the Senior Information Risk Owner and the Caldicott Guardian - reviewing compliance with information legislation, risk, and policy reviews.
Capital and Infrastructure Board	The Capital Board meets quarterly and leads on the development of the Capital Strategy that is consistent with Council vision and objectives. The board recommends a capital programme to members based on rigorous business cases, approves a 'pipeline' of capital projects, monitors the progress of capital schemes in the programme against key milestones and actual expenditure against budget. It receives and reviews in year changes to	**Strategic Leadership Team (SLT)**	Led by the Chief Executive working alongside the Executive Directors for Adult Social Care and Health, Children's Services, Place, Corporate Services, Residents and Communities and the General Counsel. SLT has a mix of responsibilities combining directorate and service leadership, member portfolio management, neighbourhood and ward support, corporate core and enabling roles.

	the capital programme, with delegated authority to approve changes and business cases up to £500k.		
Kingston Development and Investment Board	The Board is chaired by the Chief Executive with attendance from the S151 officer, General Counsel and the Executive Director of Place, with responsibility for ensuring delivery, managing risks, governance and financial oversight across the portfolio and decisions. This is supported by a delivery board which ensures a strong PMO approach and corporate oversight.	**Wider Leadership Team (WLT)**	Comprises the Senior Leadership Team and Assistant Directors, led by the Chief Executive. Responsible for supporting the work of the SLT and ensuring distributed leadership amongst senior officers.
Corporate Leadership Group (CLG)	The CLG comprises senior managers (Assistant Directors and Heads of Service) directly led by SLT who are responsible for working with their teams to turn strategy into operational leadership and delivery and to ensure alignment and joined up activity across the Council.	**Internal Audit**	Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
Directorate Management Teams (DMT)	The structure consists of four directorates: Adult Services & Health, Place, Corporate Services and Residents and Communities. DMTs are established for each Directorate consisting of Directors, Assistant Directors, and can also include Corporate Heads of Service, who are collectively responsible for delivering strategies and outcomes.	**External Audit**	Audit/Review and report on the Council's financial statements, providing an opinion on the accounts and use of resources, concluding on the arrangements for securing economy, efficiency and effectiveness in the use of resources (value for money opinion).
Managers	Responsible for developing, maintaining and implementing the Council's governance, risk and control framework, contributing to the effective corporate management and governance of the Council	**Statutory Officers**	The statutory roles of the Head of Paid Service, Monitoring Officer, Chief Financial Officer, Director of Children's Services, Director of Adult Social Services, Director of Public Health, Scrutiny Officer and Data Protection Officer are set out within the Articles of the Constitution

Internal Audit Outcomes

The Head of the South West London Audit Partnership is required to provide the Council with an opinion on the adequacy and effectiveness of the internal control environment. In his Annual Report on the work of Internal Audit during 2023/24 the Head of the South West London Audit Partnership has confirmed he is satisfied sufficient internal audit work has been undertaken to allow him to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's control environment. This year he provided reasonable assurance that the Council has an adequate and effective control process to manage the achievement of its objectives. However, he does caveat this opinion in respect of the limited assurance reports issued during the year where Priority 1 recommendations were raised.

Role of the Chief Financial Officer

In 2011/12 a requirement to report on Compliance with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government was introduced. A self-assessment has been carried out against the 5 principles within this Code (which was amended in 2016) and all required standards have been assessed as being met.

CIPFA Public Sector Internal Audit Standards (PSIAS)

Since April 2013 Internal Audit has been required to confirm compliance with the CIPFA PSIAS. A successful external review was conducted in 2023.

SIGNIFICANT GOVERNANCE ISSUES

The Audit, Governance and Standards Committee considered and approved the 2022/23 AGS at its meeting on the 13th July 2023. As part of this, a programme of work was drawn up to address areas of relative improvement and this was recorded in the Annual Governance Statement Action Plan (2023/24). Progress against this plan has been monitored regularly by the Corporate Performance and Risk Board and reported to the Audit, Governance and Standards Committee and an update is detailed below.

Whilst some of these risks have been mitigated during the 2023/2024 financial year, there are a number that will continue to be monitored and remain high profile in 2024/25.

Compliance with Policies and Procedures

Compliance with policies and procedures will always be a key theme for ensuring the good governance of the organisation and continuous improvement is RBK's aim. A full review of HR policies was undertaken in the financial year 2023/24 and is nearing completion, providing significant assurance that the right processes are in place for the organisation.

Dedicated Schools Grant

Whilst the safety valve agreement reached with the Department for Education and the SEND Futures Plan remains a critical priority for Kingston and Achieving for Children, this does not currently present any governance issues.

Oversight will be maintained by the SLT and the Audit Committee through the risk register.

Workforce Planning

RBK is not immune from the external challenges with its workforce. Finding the right people for roles with the right mix of skills and experience, increased recruitment costs, reframing the local government brand and an overall reluctance from people to change jobs is contributing to the challenge making recruitment and retention difficulties ever greater. RBK needs to be able to plan for the future and to be able to adapt to the needs of our communities future proofing our workforce.

The People and OD Strategy 2023-2027 has developed as a key driver for culture change, capacity building and performance improvement across the Council. The strategy will be focused on increasing skills and capabilities, retaining staff and opening up opportunities for residents of our borough, as well as developing a culture of motivated staff who share our values and ambition to achieve our vision. The strategy will build on the momentum and progress made to date and will require continuous change across the organisation. Progress will continue to be monitored through the AGS Action Plan.

Major Schemes and Development

Kingston continues to have a number of ambitious regeneration programmes and projects underway. The governance of the projects is crucial, and arrangements and structures are in place to ensure there is oversight from key officers and, in particular, the statutory officers and political leadership.

The annual review resulted in updated TORs for the KDIB and the regularity and membership of delivery board, KDIB and KDIB Members briefing has also been reviewed to reflect the significant improvements in oversight made over the past couple of years. The level of assurance is such that, at this time, the governance does not need to be overseen via the AGS Action Plan. **Business Continuity Planning** A refreshed Business Continuity Policy and work program was approved by the SLT in January 2024.	Members of the Resilience Planning Team have undertaken further training from the British Continuity Institute in Q4 2023/24. A 12 - 18 month Business Continuity review program will be rolled out from July 2024 to review BC and service risks, from service areas to departmental and corporate level. These will include a focus on cyber risks and single points of failure. SLT will have a challenge function as the process moves from risk assessment, to business impact assessment and to service business continuity plan.	Progress will continue to be monitored through the AGS Action Plan.

New Governance Issues - Improvement Plan 2024/25

The improvement actions below have been identified as a result of the review carried out. Progress will be followed up during 2024/25 and reported to the Audit, Governance and Standards Committee.

Issue/Risk	Action
New regulations for procurement will go live in October 2024. The regulations bring significant changes to public sector procurement and there are a number of new requirements for local authorities to meet.	A review of existing procurement processes will be carried out, with reference to the new requirements of the act, alongside a review of the contract regulations within the constitution to ensure the organisation is able to meet the new responsibilities. Training to all relevant service areas will be provided with ongoing advice and support from both procurement and legal teams.
The Scheme of Delegation and resulting Schemes of Management were last reviewed in 2022. It is important that the documents are monitored regularly to ensure officers, members and residents are able to understand how decisions are made.	Democratic Services will lead a review of the Scheme of Delegation through the Constitution Working Group and will work with directorates to ensure a consistent and cohesive approach to the Schemes of Management, Financial Regulations and Contract Regulations in accordance with the Scheme of Delegation.

CONCLUSION	CERTIFICATE	Signed:
The review of effectiveness on the Council's governance arrangements found that for the majority of services the control environment was satisfactory. It is not possible to eliminate all risks of failure and there were some areas where the Council high expectations were not met and/or progress has been slower than originally expected. The control framework is an ongoing process and therefore where issues were identified action plans were agreed with the relevant Director with a view to progress being reviewed within 6 months of the report. The Council's review mechanisms are an effective framework for maintaining satisfactory governance arrangements including identifying any issues and for monitoring and securing their implementation. There are some common control themes for improvement plus a diverse range of service issues to be addressed and the Annual Governance Statement identifies continuing actions on the significant governance issues.	We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit, Governance and Standards Committee (the report providing the detailed assurance can be found using this **link** and action plans to address weaknesses and ensure continuous improvement of the system in place. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation. The 2023/24 Annual Governance Statement was approved by the Audit, Governance and Standards Committee on the 17th July 2024.	**Sarah Ireland** **Chief Executive of the Royal Borough of Kingston upon Thames** **Councillor Andreas Kirsch** **Leader of the Royal Borough of Kingston upon Thames**

10. Glossary of Terms

An explanation of financial terms and abbreviations used in the Statement of Accounts

Glossary of Terms

Accounting Policies

The rules and practices adopted by the Council that determine how the transactions and events are reflected in the accounts.

Accruals

Amounts that are charged to the accounts for goods and services rendered/received during the year for which payments have not been received/made.

Actuary

An independent consultant who advises on the financial position of the pension fund.

Amortisation

A measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period.

Appropriations

The transfer of resources to and from various revenue reserves.

Capital Expenditure

Expenditure on the acquisition of a non-current asset or expenditure that adds value to an existing non-current asset. Expenditure can only be treated as 'capital' if it meets statutory definitions and is in accordance with accounting practice and regulations.

Capital Receipts

Income from the sale of capital assets such as council dwellings, land and buildings.

Carrying Amount

This is the nominal value of the loan / investment plus accrued interest due to the end of the financial year.

Council Tax

A tax on domestic properties, introduced 1 April 1993 as a replacement for the Community Charge (Poll Tax), based on their value.

Creditors

Amount of money owed by the Council for goods or services received.

Debtors

Amount of money owed to the Council for goods or services received.

Depreciation

A measure of the cost of the economic benefits of a non-current asset consumed during the period.

Earmarked Reserves

Amount set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.

Effective Interest Rate

This method calculates the rate of interest that is necessary to discount the estimated stream of principal and interest cash flows through the expected

General Fund

The fund within which most transactions of a local authority take place. It includes the cost of all services provided (excluding the Housing Revenue Account) which are paid from government grants, generated income and the borough's share of Council Tax and business rate income.

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future; in particular, that the revenue accounts and balance sheet are not based on the assumption of an intention to curtail significantly the scale of operations.

Housing Revenue Account (HRA)

A local authority 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 value of a non-current asset below its carrying value (but not through economic consumption).

Intangible Assets

Assets that do not have physical substance, e.g. computer software licences.

Levies

Payments to London wide bodies such as the Lee Valley Regional Park Authority. The cost of these bodies is borne by local authorities in the area concerned based on their Council Tax base and is met from the General Fund.

Minimum Revenue Provision

The minimum amount that the Council must charge to the revenue account to provide for the repayment of debt.

Non-Domestic Rates (NDR)

Business rates, or non-domestic rates, collected by councils are the way that those who are responsible for non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1 April 2013, authorities keep a proportion of the business rates paid locally.

Precept

The charge made by one authority (e.g. The Greater London Authority) on another authority to finance its net expenditure

Property, plant and equipment

Tangible assets (ie assets with physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used . during more than one period

Provisions

Amounts set aside for liabilities or losses which are certain or very likely to be incurred but where exact amounts and dates on which these will arise are uncertain.

Reserves

Amounts set aside in one financial year which can be carried forward to meet expenditure in future years. Earmarked reserves are allocated for specific purposes. Unallocated reserves are often described as balances.

Revenue Expenditure

The regular day-to-day running costs an authority incurs in providing services e.g. salaries and wages, premises costs and supplies and services.

Support Services

Services that are provided by the administrative and professional service groups that support all the Council’s services. They include financial, legal, personnel, information technology, property and general administrative support.

Abbreviations used in the accounts

AFC - Achieving for Children

AVC - Additional Voluntary Contribution

CF - Collection Fund

CIES - Consolidated Income and Expenditure Statement

CIPFA - Chartered Institute of Public Finance and Accountancy

CT - Council Tax

DfE - Department for Education

DLUHC - Department of Levelling Up, Housing and Communities

DSG - Dedicated Schools Grant

HRA - Housing Revenue Account

IAS - International Accounting Standard

ICB - Integrated Care Board

I&E - Income and Expenditure

IFRS - International Financial Reporting Standard

IT - Information Technology

LASAAC - Local Authority (Scotland) Accounts Advisory Committee

LATC - Local Authority Trading Company

LOBO - "Lenders Option Borrowers Option" Loan

MIRS - Movement in Reserves statement

MRA - Major Repairs Allowance

MRP - Minimum Revenue Provision

NDR - Non Domestic Rates

PWLB - Public Works Loan Board

REFCUS - Revenue Expenditure Funded From Capital Under Statute

RICS - Royal Institution of Chartered Surveyors

RCCO - Revenue Contribution to Capital Outlay

TFL - Transport for London

TPA - Teachers' Pension Agency

UCR - Usable Capital Receipts

11. Auditor's Reports 2023/24

THE ROYAL BOROUGH OF KINGSTON UPON THAMES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS THE ROYAL BOROUGH OF KINGSTON UPON THAMES ON THE COUNCIL'S FINANCIAL STATEMENTS

REPORT ON THE AUDIT OF THE COUNCIL'S FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the Royal Borough of Kingston Upon Thames ("the Council") for the year ended 31 March 2024 on pages 17 to 155 which comprise the Group and Council Comprehensive Income and Expenditure Statements, Group and Council Balance Sheets, Group and Council Movement in Reserves Statements, Group and Council Statements of Cash Flows, Collection Fund, Housing Revenue Account and the related notes, including the Expenditure and Funding Analysis and the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Group and the Council as at 31 March 2024 and of the Group's and the Council's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2023/24.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Executive Director of Corporate Services has prepared the financial statements on the going concern basis as they have not been informed by the government of the intention to either cease the Group and the Council's services or dissolve the Group and the Council without the transfer of their services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Executive Director of Corporate Services' conclusions, we considered the inherent risks associated with the continuity of services provided by the Group and the Council over the going concern period.

Our conclusions based on this work:

- we consider that the Executive Director of Corporate Services’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Executive Director of Corporate Services’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group’s and the Council’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Council will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, the Audit Governance and Standards Committee, and internal audit and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading Council and Audit Governance and Standards Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Reading the Group’s and the Council’s accounting policies.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we performed procedures to address the risk of management override of controls in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as pension assumptions and asset valuations. On this audit we did not identify a fraud risk related to revenue recognition due to our assessment that there was limited opportunity for manipulation of revenue reported given the nature of the funding provided to the Group during the year.

We also identified a fraud risk related to expenditure recognition in response to the pressure to deliver a balanced budget.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries with unusual account combinations.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Inspecting a sample of expenditure transactions in the period after 31 March 2024 to determine whether expenditure had been recognised in the correct accounting period and whether accruals were complete.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the Executive Director of Corporate Services (as required by auditing standards), and discussed with the Executive Director of Corporate Services the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements, including the financial reporting aspects of local government legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, housing and education regulation, data protection laws, anti-bribery, and employment law, recognising the nature of the Group's and the Council's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Executive Director of Corporate Services and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Executive Director of Corporate Services is responsible for the other information, which comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the other information included in the Statement of Accounts for the financial year is consistent with the financial statements.

Executive Director of Corporate Services' and Audit Governance and Standards Committee's responsibilities

As explained more fully in the statement set out on page 15, the Executive Director of Corporate Services is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the government of the intention to either cease the services provided by the Group and the Council or dissolve the Group and the Council without the transfer of their services to another public sector entity.

The Audit Governance and Standards Committee of the Council is responsible for overseeing the Council's financial reporting process.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the "NAO Code of Audit Practice"), we are required to report to you if we identify any significant weaknesses in the arrangements that have been made by the Council to secure economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

As explained more fully in the statement set out on page 15, the Executive Director of Corporate Services is responsible for ensuring that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are required under section 20(1) of the Local Audit and Accountability Act 2014 to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. We are also not required to satisfy ourselves that the Council has achieved value for money during the year.

We planned our work and undertook our review in accordance with the NAO Code of Audit Practice and related statutory guidance, having regard to whether the Council had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the NAO Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make written recommendations to the Council under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014; or

• we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or

• we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in this respect.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the members of the Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

We are unable to certify that we have completed the audit of the financial statements of the Royal Borough of Kingston Upon Thames for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the NAO Code of Audit Practice for the following reasons:

• As at the date of this audit report, we have not yet completed our work in respect of the Authority's Whole of Government Accounts consolidation pack for the year ended 31 March 2024;

• Under Auditor Guidance Note 07 – Auditor Reporting, issued by the NAO in November 2024, we are required to give an opinion on the consistency of the financial statements of the Pension Fund included in the Authority's Pension Fund Annual Report with the Pension Fund financial statements included in the Authority's Statement of Accounts. We have not issued our report on the financial statements included in the Pension Fund Annual Report; and

• The certification of completion of the audit has not yet been issued in respect of the years ended 31 March 2022 and 31 March 2023.

Joanne Lees
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL
14 March 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL BOROUGH OF KINGSTON UPON THAMES PENSION FUND'S FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Royal Borough of Kingston upon Thames Pension Fund ("the Pension Fund") for the year ended 31 March 2024 on pages 157 to 202 which comprise the Fund Account, the Net Assets Statement and the related notes to the Pension Fund financial statements, including the accounting policies in note 2.

In our opinion the Pension Fund financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2024 and of the amount and disposition at that date of its assets and liabilities; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under and are independent of the Royal Borough of Kingston upon Thames (as administering authority for the Pension Fund, the "Authority") in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Executive Director of Corporate Services has prepared the Pension Fund financial statements on the going concern basis as they have not been informed by the government of the intention to either cease the Authority's services or dissolve the Authority without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Pension Fund financial statements (“the going concern period”).

In our evaluation of the Executive Director of Corporate Services’ conclusions, we considered the inherent risks associated with the continuity of services provided by the Authority over the going concern period.

Our conclusions based on this work:

- we consider that the Executive Director of Corporate Services’ use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate; and

- we have not identified and concur with the Executive Director of Corporate Services’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Authority’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Authority will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management and the Audit, Governance and Standards Committee as to the Pension Fund’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading the Audit, Governance and Standards Committee and Pension Fund Panel minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we performed procedures to address the risk of management override of controls in particular the risk that Pension Fund management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedules.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals with specific pre-determined descriptions.

• Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Pension Fund financial statements from our general sector experience and through discussion with the Executive Director of Corporate Services and other management (as required by auditing standards), the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Pension Fund financial statements varies considerably.

The Pension Fund is subject to laws and regulations that directly affect the Pension Fund financial statements, including the financial reporting aspects of local government legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Pension Fund is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the Pension Fund financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Pension Fund financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Pension Fund financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Executive Director of Corporate Services is responsible for the other information, which comprises the information included in the Statement of Accounts,

other than the Pension Fund financial statements and our auditor's report thereon. Our opinion on the Pension Fund financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.
Our responsibility is to read the other information and, in doing so, consider whether, based on our Pension Fund financial statements audit work, the information therein is materially misstated or inconsistent with the Pension Fund financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Executive Director of Corporate Services and Audit and Governance Committee's responsibilities

As explained more fully in the statement set out on page 15, the Executive Director of Corporate Services is responsible for the preparation of Pension Fund financial statements, that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of Pension Fund financial statements that are free from material misstatement, whether due to fraud or error; assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the government of the intention to either cease the services provided by the Authority or dissolve the Authority without the transfer of its services to another public sector entity.
The Audit and Governance Committee of the Authority is responsible for overseeing the Pension Fund's financial reporting process.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the Pension Fund financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Pension Fund financial statements.
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the members of Royal Borough of Kingston upon Thames, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of Royal Borough of Kingston upon Thames council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Royal Borough of Kingston upon Thames and the members of Royal Borough of Kingston upon Thames council, as a body, for our audit work, for this report, or for the opinions we have formed.

Joanne Lees
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
14 March 2025