Statement of Accounts 2024 - 2025

KINGSTON TOGETHER

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.

Narrative Report

Message from Sue Cuerden, Executive Director of Corporate Services (Section 151 Officer)

My role as the Chief Financial Officer of the council (S151 Officer) is to ensure that the Royal Borough of Kingston upon Thames' finances are managed appropriately and that the financial position remains strong and sustainable. This narrative statement provides an overview of the council including its performance, both financial and non-financial. It also provides an easily understandable guide to the most significant matters reported in the accounts and assists in their interpretation.

The Statement of Accounts has been produced by the Financial Reporting and Control team whilst the council's financial arrangements are overseen by the Audit, Governance & Standards Committee and are subject to regular review by Internal Audit. The council's Statement of Accounts and its value for money and financial arrangements are subject to independent review by the council's External Auditors, KPMG. Also, regular budget monitoring is carried out throughout the year and reported to both Corporate & Resources Committee, and Council as appropriate, with a final revenue outturn deficit of £1.95M being reported for the year.

Not only did the council have to respond to the ongoing financial impact of the cost of living crisis and high inflation and interest rates, but it also continued to deal with the funding pressures of reduced government grants. Core funding from the government to RBK has reduced 25% in 2024/25 compared to 2015/16 and there is uncertainty about future funding with further reductions likely.

There are continued increases in pressures on the council's expenditure from external influences. Thus, in addition to the impact of inflationary cost increases, the council faces increased demand for services. This demand is further amplified by the impact of partner organisations' responses to austerity measures across the public sector. Such pressure have been partially offset by increased transformation and efficiencies, some already in train and others planned going forward.

The council has managed its finances, aiming to maintain service levels and has worked hard to mitigate reported in year overspends so that outturn has reduced considerably compared with forecast. The drawing down of £1.95m from reserves must be viewed within this challenging context and in comparison to the scale of financial difficulties other London boroughs are experiencing. Through this lens, Kingston has faced and overcome the challenge well for 2024/25.

Through good financial management the council has achieved or is on track to achieve 92.7% of 2024/25 savings and since 2012 has realised gross savings of over £90m. These have been delivered with minimal impact on delivery of services during a prolonged period of austerity and the council has maintained its overall reserves.

Key issues

During the financial year 2024/25 the UK continued to experience economic unrest. Whilst inflation is lower and more stable than 2023/24, it is still above the Bank of England's 2% target. Likewise, Interest rates have fallen but remain high within the context of the past 18 years. The effects of these pressures continue to impact residents and businesses across the Borough. The Cost of Living crisis, the Russia/Ukraine war, conflict in the Middle East as well as the instability caused by US tariffs have all contributed to a more uncertain global economic outlook.

Although the national outlook for inflation is broadly looking more positive and stable, ongoing after-effects of record high inflation are continuing to impact residents. Living costs have remained far higher than pre-pandemic levels, with inflation on essentials such as food, fuel and energy bills in particular, remaining much higher than in recent years. As a consequence, demand-led services within the Council have felt the pressure of the needs of residents who continue to reach out to the Council for support.

Demand levels for service provision in both Children's and Adults Social Care continue to rise, and costs for temporary accommodation have risen to levels significantly beyond those in previous years and then could have been reasonably expected when the budget was set.

Within Children's services, the most significant financial pressure is within demand-led services, particularly in Children Looked After (CLA). Demand in this area has been higher than budgeted for, and placements are becoming more expensive due to a shortage of foster care placements, and complexity of needs.

The Council's efforts on tenancy sustainment have slowed the recent rapid increases 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. However, homelessness continues to be a major challenge driven by 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. Whilst the Council is supporting a relatively consistent number of homeless households, the increased reliance on nightly paid accommodation is driving a significant cost pressure in excess of the budgeted amounts.

Within Adult Social Care services, there has been an increase in demand across all areas of care, with the main increases being in 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 and increased provider costs to cover inflationary and cost of living pressures.

Examples of spend in 2024-25

- Supporting over 1,600 adults
- Delivering technology-enabled care services to enable vulnerable people to stay in their own homes and be independent for longer

- Supporting 1,050 children and young people in need
- Creating Family Hubs - support for children, young people and families in one accessible location
- Building a children's home for a small number of the most vulnerable children in care

  Making it safer for over 4,500 school children to walk, cycle or scoot to school through our school streets schemes

- Investing in and maintaining our highways and street lighting
- Encouraging more sustainable transport options, including free cycle training
- Investing in our parks, green spaces and public realm
- Maintaining a high level of recycling and delivering high quality waste services

- Building new council homes on sites across the borough
- Providing temporary accommodation for over 1,000 home-less people
- Delivering a new leisure centre in Kingston Town Centre

- Investing in digital technology to make services more accessible
- Improving digital connectivity across the borough (mobile data coverage and speed, CCTV)

Key facts about the Royal Borough of Kingston upon Thames

There are **168,000 residents** living in **70,000 households** in Kingston.

There's been a **5% population increase** since 2011.

34% of Kingston residents are from **ethnically diverse communities**, and **34% of residents were not born in the UK.**

9% of Kingston's young adults identify as LGBT+, which is the seventh-highest proportion in London and the highest in Outer London.

Fairer Kingston

79% of girls and 66% of boys achieve a good level of development in their early years.

2,008 children and young people in Kingston schools have an Education, Health and Care Plan for their special educational needs and disabilities.

39% of residents live in the top 20% least deprived communities (Lower Super Output Areas) in England.

1% of residents live in the top two most deprived communities.

85% of resdients rate their health as good or very good.

There are approximately **14,870 unpaid carers** in the borough.

12% of children live in low income families.

The **average house price** in Kingston upon Thames is **£569,000**

61% of residents own their home outright or with a mortgage or loan.

374 households are owed a duty under the Homelessness Reduction Act.

1,006 households are in temporary accommodation.

Safer Kingston

111 children are subject to child protection plans for abuse or neglect.

113 children are in our care.

1% of adults are receiving long-term support

We are ranked in the top 3% nationally for the quality and impact of our social care provision for adults and children combined.

Our crime rate of 75.1 per 1,000 residents is consistently lower than the London (105.8) and England (89.7) averages.

Anti-social behaviour offences at 19.3 per 1,000 residents is lower than the London average.

Greener Kingston

23% of the borough is woodland and open space, with 166 hectares of public parks.

We have an average of **3.1 tonnes of CO_2** emissions per person.

We are the **10th highest London borough for per capita territorial emissions.** The majority of the borough's emissions are from the domestic emissions and transport.

43% of household waste **is recycled.**

We have the **only fully electric waste collection fleet in London**

We installed **156 electric vehicle charging points** installed in 2023/24.

5,374 megawatt-hours of electricity are generated by renewable technologies in the borough.

91% of our street lighting has been upgraded to be more energy efficient.

24 kilometres of segregated cycle paths facilitate safe, sustainable transport throughout the borough.

42% of trips around the borough are made by car.

Kingston Together

There are **456 charities actively** working in the borough of Kingston

15,000 local residents volunteer in and with their local communities.

We have an **unemployment rate of 3.9%**, ranking us 12th lowest in London (the mean unemployment rate in London is 5.2%).

Over 9,000 businesses are based in the borough of which almost 93% are micro businesses with fewer than 10 employees.

85% of 16 to 64 year olds are economically active.

Political Structure

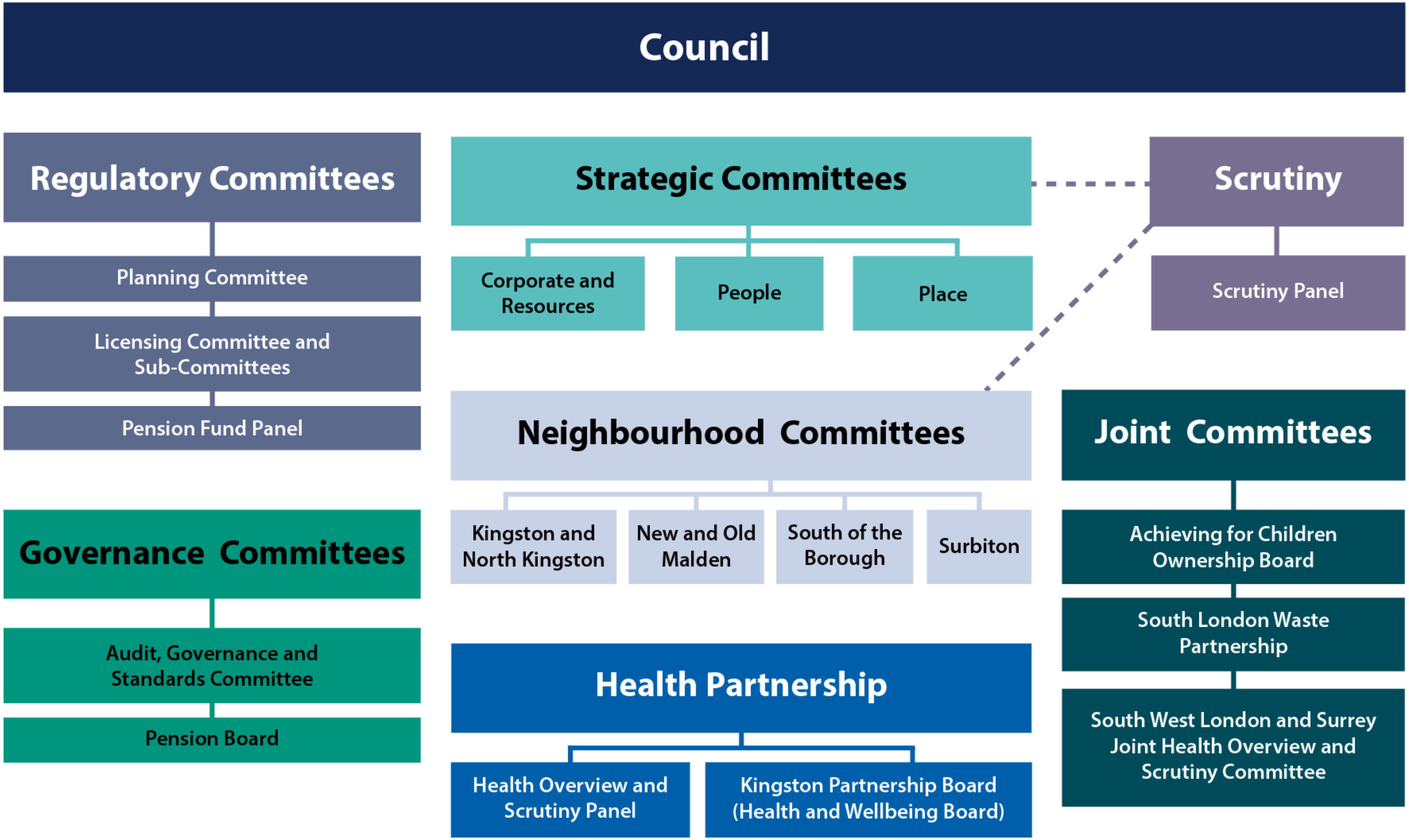
As at the balance sheet date of 31st March 2025, the Council consisted of 48 Councillors, split into 19 wards each represented by either 2 or 3 councillors. The political composition of the Council at that time was as below and remains so at the date of publication;

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.

The roles of key committees and officers



The full Council sets the policy and budgetary framework and is responsible for the appointment of the Mayor and the appointment of councillors to strategic committees, neighbourhood committees, regulatory committees, scrutiny committees and joint committees. Committees are appointed on a politically proportionate basis. The Council adopts and agrees to any changes to the Constitution. The Constitution provides a detailed explanation of the Council's procedures, including the terms of reference for committees, the code of conduct for councillors, financial and contract regulations, and delegations to committees or officers to enable the efficient conduct of Council business.

Decisions which are scheduled to be considered by a strategic committee or a neighbourhood committee are published in a forward plan. The Council has procedures in place which enable urgent decisions to be taken outside of the committee structure in certain circumstances by the Chief Executive or an Executive Director. There is an annual review of the Constitution through a cross-party working group of councillors which provides recommendations for review by the Corporate Resources Committee before approval at Council. The governance structure is clear to understand and provides a framework that supports councillors to focus on strategic decision-making while empowering officers to deliver operationally.

Council Objectives and Performance

The Council Plan (2023-27), approved in March 2023, sets out the Council's medium-term vision, outcomes, priorities and key performance indicators . It is delivered via an annual Delivery Plan, which sets out the actions that the Council will take to achieve the Council Plan priorities, and the associated measures of success and delivery dates. The Delivery Plan for 2024/25 was approved by the Corporate and Resources Committee in July 2024 . The annual performance within the council plan priorities is noted below.

Fairer

INDICATOR	POLARITY	2023/24	2024/25	TARGET	RAG	DATE	NARRATIVE
Number of people supported to improve their employment status through skills and development support	Bigger is better	2,407	625	480	Green	Year-end	Our work in partnerships and direct delivery has supported 625 people through a range of programmes this year. Our UKSPF programmes covered digital inclusion, older workers ex armed forces and others and our jobs fairs have proven a success. Our overall target - smaller this year, in line with the funding allocation, has been significantly exceeded.
Housing - General Repairs % customers satisfied	Bigger is better	79.0	95.3	87.0	Green	Mar/ Year-end	95.3% satisfaction in March against a target of 87%. This is from a customer satisfaction survey.
% Housing Repairs completed within target time inc. gas	Bigger is better	94.7	91.6	97	Amber	Mar/ Year-end	91.6% of repairs were completed within target time, against a target of 97%. 100% of Emergency repairs were completed within time.
Number of affordable homes delivered (cumulative)	Bigger is better	37	64	null	Tracker	Year-end	This is from our small sites delivery programme and excludes those created through acquisitions.
Number of households living in temporary accommodation	Smaller is better	964	1,003	null	Tracker	Year-end	High demand continues to place pressure on temporary accommodation. The council has a statutory duty to house those eligible people made homeless or threatened with homelessness.

INDICATOR	POLARITY	2023/24	2024/25	TARGET	RAG	DATE	NARRATIVE
Number of households in nightly-paid accommodation	Smaller is better	427	520	225	Red	Year-end	As demand for temporary accommodation remains high, the council has limited availability of leased properties, itself declining and increasingly has to use nightly paid accommodation such as hotels and B&Bs.
% new birth visits completed within 14 days by health visiting services	Bigger is better	91.1	91.5	85.0	Green	Year-end	New Birth Visits from Health Visitors are an important source of help and support for new parents and infants. Health Visitors in Kingston completed 94% of New Birth Visits in Quarter 4. This is their highest level since pre-pandemic; achieving 91.5% for the year.
% early help cases in the last 3 months that have stepped up to Children's Social Care	Smaller is better	8	7	6	Amber	Year-end	In Q4 2024/25, the escalation rate remained above target at 7% (7 out of 104 cases). These escalations were clustered, involving only three family groups. However, the key reasons for escalation were parental and child mental health. This reinforces the ongoing need for effective early identification of threshold cases and strong joint working practices between Early Help and Social Care teams.
Number of people supported through the council's information and advice commissioned services to meet their outcomes	Bigger is better	3,516	10,219	null	Tracker	Year-end	Improved reporting functions for 24/25 have enabled a full year figure of 10,219 to be reported. This is a significant increase on previous year reporting, noting ,however, that reporting systems have changed.

Safer

INDICATOR	POLARITY	2023/24	2024/25	TARGET	RAG	DATE	NARRATIVE
Street cleanliness - % at Grade B or above	Bigger is better	99.36	99.56	90.0	Green	Year end	Target achieved. Street cleaning performance remains strong and continues to meet expected standards.
% of fly-tipping incidents (on public land) cleared within 1 working day	Bigger is better	100.0	100	99.0	Green	Year end	Fly-tipping response remains exceptional, with 100% of incidents on public land cleared within one working day.
Number of parks with a Green Flag accreditation	Bigger is better	1	2	2	Green	Year end	Canbury gardens retained its green flag status, and Churchfields was awarded green flag status.
% Category 1 defects (potholes) repaired within 24 hours	Bigger is better	100	100	100	Green	Year end	Target achieved.
% of food businesses rated 3 or above	Bigger is better	95	96	95	Green	Q4/Year end	Target achieved. This is a general assessment of premises which then do not require further intervention to ensure food safety.
% of Regulatory Service requests responded to within 3 days	Bigger is better	88	86	80	Green	Q4/Year end	Target achieved throughout the year.
% of Adult safeguarding cases closed with risks reduced or removed	Bigger is better	89	89	92	Amber	Year end	The high volume and complexity of cases means it takes longer to achieve a reduction/elimination of risk as issues are worked through. Later months of the year achieved the target.
Number of new Direct Payments	Bigger is better	66	49	48	Green	Year end	Results above target for the year overall which shows a consistent continued strong performance in delivering new Direct Payments across Adult Social Care.
% of high risk domestic abuse victim/survivors who have received multi-agency support who	Smaller is better	20.8	25	null	Tracker	Mar/Year end	This indicator tracks the number of cases re-referred to the Kingston multi-agency risk assessment conference within 12 months due to a

INDICATOR	POLARITY	2023/24	2024/25	TARGET	RAG	DATE	NARRATIVE
experience a further recorded violent incident							further incident The UK averaRepeat referrals to the MARAC are expected to be 20-30% in an established MARAC, and are an indication that agencies are identifying risk correctly and taking appropriate measures.
Number of professionals in Kingston receiving specialist violence against women and girls training	Bigger is better	437	846	360	Green	Year end	Exceeded this measure significantly with nearly 850 professionals receiving training across 24/25
Number of residents receiving a Warm Homes energy efficiency advice assessment	Bigger is better	668	621	300	Green	Year end	Sustained above target assessments, ending the year with over 600 assessments completed; helping more people at risk of fuel poverty.
% of performance targets met for Local Authority Liaison Officer attendance & opening emergency shelters	Bigger is better	100	100	100	Green	Year end	Target achieved.
% of declared emergency incidents responded to within the time frames for the Resilience Standards for London	Bigger is better	100	100	100	Green	Year end	Target achieved.
% of care leavers (19-21 year olds) who are in contact with the local authority and who are engaged in education, training and employment	Bigger is better	61.0	58	60.0	Amber	Year end	While the latest quarterly figures show 58% (51 of 88) of Kingston care leavers aged 19-21 engaged in education, training, or employment (a rate that varies across quarters), a notable 43% of those currently not engaged in education, employment or training (NEET) are actively seeking employment. This positive sign occurs against a backdrop of challenges where 22% face mental health issues or PIP delays, 5% are restricted due to asylum status, and 11% have parenting responsibilities. To further improve engagement, multi-agency efforts,

INDICATOR	POLARITY	2023/24	2024/25	TARGET	RAG	DATE	NARRATIVE
							including partnerships with local colleges and employers, are underway.
% of 16-17 year olds in education, training or employment	Bigger is better	97.2	98	null	Tracker	Year end	Kingston saw 98% of 16-17 year olds in education, training, or employment. This reflects strong early intervention & tailored support from Pupil Support Services (like Anstee Bridge & Education Inclusion Support Service) and the Virtual School, ensuring positive pathways for vulnerable young people.

Greener

INDICATOR	POLARITY	2023/24	2024/25	TARGET	RAG	DATE	NARRATIVE
% of household waste sent for reuse, recycling and composting	Bigger is better	44.1	44.3	48.0	Amber	Year-end	(provisional result submitted - awaiting national agency validation) Recycling rates are dropping nationally due to changes in manufacturing and the markets for recycled material. A recycling improvement plan, focussing on contamination in recycling bins at flats and promoting food waste, is being implemented.
The amount of waste sent for disposal per household in the borough (kg)	Smaller is better	442.3	445	432	Amber	Year-end	(provisional result submitted - awaiting national agency validation) Kerbside tonnages are marginally higher for the year compared to last, a similar trend to neighbouring boroughs. A number of initiatives are planned for 2025/26 to boost recycling and reduce contamination which will help this figure.

INDICATOR	POLARITY	2023/24	2024/25	TARGET	RAG	DATE	NARRATIVE
							Kingston ranks in the top 5 London boroughs for recycling and waste per household.
% recycling contamination rate	Smaller is better	9.5	9	7	Red	Year-end	(provisional result submitted - awaiting national agency validation) The placing of incorrect items in bins continues to impact cost and performance of recycling services. Further analysis and intervention is planned.
Number of volunteering hours supported by the council's grounds maintenance contract	Bigger is better	8,551	11,580	10,156	Green	Year-end	Strong support from our contractors Glendale for a range of initiatives and wide resident interest have contributed to a successful year of volunteering. Projects have included Fishponds action days, Latchmere hedge-laying, Canbury orchard planting.
Number of Electric Vehicle Charging Points commissioned by council (cumulative)	Bigger is better	156	-	156	Green	Year-end	Target achieved in 2023/24.
Number of cyclists using key routes	Bigger is better	34,686	32,257	null	Tracker	Year-end	This uses the Portsmouth Road cycle path as a sample point and uses the annual average.
Number of school streets	Bigger is better	11	10	12	Amber	Year-end	Less resources available this year to deliver against target, though 2 further school streets are in the planning phase.
Council estate and operational carbon emissions (tonnes)	Smaller is better	5,823	5,012	null	Green	2024	Carbon emissions continue to reduce through implementation of low energy lighting, move from reliance on fossil based vehicle fuels and completion of energy efficiency works at key buildings.

INDICATOR	POLARITY	2023/24	2024/25	TARGET	RAG	DATE	NARRATIVE
Number of new energy efficiency measures installed in council homes (cumulative)	Bigger is better	94	110	null	Tracker	Year-end	The Council continues to explore opportunities to secure grant funds to support energy efficiency and decarbonisation works. KPI annual update: This has been reworded from "Number of council homes that have received new energy efficiency measures" as homes may receive different types of improvement.
Biodiversity net gain - % of plans with net gain	Bigger is better	N/A	100	100	Green	Year-end	All developments given permission in the borough have been compliant with Biodiversity Net Gain requirements. KPI annual update: When this indicator was included in the Council Plan, the specifics of BNG requirements were not yet known. Now that BNG is implemented, the result will always be 100%, therefore this indicator will no longer be reported.

Together

INDICATOR	POLARITY	2023/24	2024/25	TARGET	RAG	DATE	NARRATIVE
Number of cultural events included in the cultural programme	Bigger is better	248	125	120	Green	Year-end	Target achieved. The cumulative figure for the number of cultural events supported by RBK is above

INDICATOR	POLARITY	2023/24	2024/25	TARGET	RAG	DATE	NARRATIVE
							the target and represents a strong year, though obviously it is just one indication of impact.
Number of organisations supported to develop cultural programme and sustainability	Bigger is better	14	11	7	Green	Year-end	The number of organisations supported, at different levels, remains above target - assisted in the last year by access to UKSPF funding. However, pressure is increasing on the static RBK budgets, as costs increase and cultural organisations in SW London find it increasingly challenging to secure external funding.
Number of people learning new skills through culture and heritage	Bigger is better	4,488	1,853	2,000	Amber	Year-end	The number of people who have directly benefited from skills development through engagement with RBK supported activities remains close to target. However, we would expect a strong performance in the coming year as a result of the Kingston 2025 programme.
Number of community projects supported through grants	Bigger is better	163	49	null	Tracker	Year-end	The borough-wide Community Grants scheme, provides funding to projects, activities or services that benefit communities across the Borough. For 24/25 a total of 49 grants were awarded representing a full utilisation of available budget. The lower figure for 2024/25 is because 2023/24 included many one-off grants from the Community Resilience Fund initiative which was a one-off for that year.
Number of businesses supported via direct service activity	Bigger is better	259	403	400	Green	Year-end	In total 403 businesses were supported through direct service activity, including supply chain, apprenticeship levy transfer, AI and cyber security workshops and our work with Town Sq workspace, meeting our target.
Number of people from more challenging backgrounds engaged in enterprise support	Bigger is better	11	59	39	Green	Year-end	Working with KAE we supported 59 potential entrepreneurs with more challenging backgrounds to explore enterprise and anticipate some new start-ups to emerge from this.

INDICATOR	POLARITY	2023/24	2024/25	TARGET	RAG	DATE	NARRATIVE
Amount of public realm renewed and refurbished in high streets and town centres. Public realm sites (number measured)	Bigger is better	5	5	5	Green	Year-end	Delivery of 5 high-street public realm projects.
% Voluntary, Community & Social Enterprise (VCSE) organisations reporting that they are satisfied with the support received via the borough's infrastructure contract	Bigger is better	95%	-	null	Tracker	Year-end	Final analysis of the survey is in progress and full result will be available by Quarter 1 2025/26.
% positive feedback for event process (Resilience Planning)	Bigger is better		95%	null	Tracker	Year-end	The event planning process, undertaken by the Resilience Planning team in partnership with those clients putting on public events in the borough received 95% positive feedback from returned surveys.
Number of in-person engagement events held	Bigger is better	N/A	30	30+	Green	Quarter 4	Opportunities for residents and communities to provide face to face feedback as part of an engagement process on council projects, through arranged in person or virtual events, has been monitored for the first time on quarter 4 of 2024/25.
Number of digital newsletter subscribers	Bigger is better	N/A	8,602	null	Tracker	Year-end	Subscribers to the council's main e-newsletter 'Your Kingston' have steadily increased across the year. We continue to encourage residents to sign up to receive the latest news and updates from the council and information on what is happening across the borough.

Future Council

INDICATOR	POLARITY	2023/24	2024/25	TARGET	RAG	DATE	NARRATIVE
General Fund Outturn Delivered within Budget	Smaller is better	1.98	1.09	0	Amber	Year-end	Increased demand for Social Care and Temporary Accommodation have continued throughout the year and have led to an overall overspend for the Council this year. Mitigations implemented through the year have supported to partly mitigate these cost pressures. KPI update: This indicator has been reworded, from 'General fund revenue delivered within 1% budget' for greater clarity.
% current year Council Tax collected (QRC)	Bigger is better	98.6	97.9	98.5	Amber	Year-end	Overall, Council tax collection remains among the highest in London, although slightly less than target for the current year. The implementation of Enforcement Agent software has supported recovery work in quarter 4 and it is anticipated that this collection will bring the 24/25 collection back above the targeted level.
% current year NNDR (Business Rates) collected (QRC)	Bigger is better	98.2	98.0	97.5	Green	Year-end	NNDR collection has remained strong through the year, with the cumulative collection rate for the year higher than the targeted level.
% of third party spend with contracted suppliers	Bigger is better	77	74	70	Green	Year-end	Target exceeded. Continue to identify out of contract spend to further improve this indicator.
Quality/satisfaction rate for contacts to the customer contact centre (% satisfied/very satisfied)	Bigger is better	62.6	62	60	Green	Mar/Year-end	Satisfaction remains just above target. Significant programme of change underway across the Customer Fulfillment Service to improve across a number of measures.

INDICATOR	POLARITY	2023/24	2024/25	TARGET	RAG	DATE	NARRATIVE
% of Planning applications for major developments within the statutory target, or any agreed extension	Bigger is better	100	90	65	Green	Q4/ Year-end	Target achieved.
% of Planning applications for minor developments within the statutory target, or any agreed extension	Bigger is better	88	88	70	Green	Q4/ Year-end	Target achieved.
% of Planning applications for householder developments within the statutory target, or any agreed extension	Bigger is better	90	89	70	Green	Q4/ Year-end	Target achieved.
% of property assets in good use - Void properties as a % total rental value	Smaller is better	5	4	5	Green	Year-end	Target achieved. KPI update: '% of property assets in good use' - now uses 'Void properties as a % total rental value'.
% Gender pay gap	Smaller is better	0.83	2.96	null	Tracker	2023/24	2.96% mean pay gap as at Mar 2024 - reported by March 2025. The gender pay gap is the average difference between men's and women's earnings. The next assessment will take place in March 2025 and be reported by Mar 2026.
% staff turnover	Smaller is better	10.0	12.3	13.0	Green	Year-end	Staff turnover has increased, though remains within target.
% of workforce multi-ethnic	Bigger is better	28.3	29.2	31.7	Amber	Year-end	The figure has steadily improved over the course of the year and we are seeing strong figures for application numbers. Diverse interview panels, the anonymised recruitment process and improvements in recruitment materials are factors contributing to the improvement.

INDICATOR	POLARITY	2023/24	2024/25	TARGET	RAG	DATE	NARRATIVE
% of staff declaring they have a disability	Bigger is better	6.4	6.8	13.0	Red	Year-end	6.8%. This is compared against the borough profile of 13%. A number of actions have taken place this year - including liaison with the DAWN (Disability and Wellbeing Network) staff network to raise awareness, gain feedback and improve understanding of issues affecting staff; the sunflower campaign on hidden disability. Staff have been encouraged to update their personal data to help us get an improved picture of disability within the organisation and to better address needs, such as making changes to our reasonable adjustments guidance.
Agency spend (£m)	Smaller is better	8.0	7.7	null	Tracker	Year-end	£300k reduction in spend from last year.
% of job applicants Multi-ethnic	Bigger is better	57.0	61.0	31.7	Green	Year-end	Target achieved.
% of job applicants declaring they have a disability	Bigger is better	5.8	7.0	13.0	Red	Year-end	We encourage disabled applicants through a range of initiatives; • We actively ask all candidates who have declared a disability if they require reasonable adjustments before their interview • We offer an interview to all disabled people who meet the minimum criteria for the job (we have extended this to include anyone with a neurodiverse condition) • All our employment opportunities and advertisements display the Disability Confident Badge and we explicitly highlight our commitment to supporting applicants with disabilities across all advertisements • Our recruitment policy strongly emphasises diversity and inclusion, referencing our neurodiversity policy and reasonable adjustments guidance.

Key financial risks

Risk management is an essential part of the council's overall governance arrangements in that it provides the framework and process to enable the organisation to manage risk in a systematic, consistent and efficient way. The council has in place a corporate risk register which captures those significant risks that need to be managed in order to enable and support delivery of the council plan priorities. The corporate risk register is subject to regular review by the Senior Leadership Team and is intended to ensure that key risks are not only identified and understood but that appropriate actions and controls are in place in order that risks are managed to an acceptable level. Each risk is assessed in terms of likelihood of occurrence and potential impact.

The identified strategic risks are subject to change for any new risks that may emerge, whilst other risks may become less significant as mitigating actions are implemented or as external factors change the nature of the risk. The register details the 9 key strategic risks that the council faces, including; financial sustainability, recruitment and retention of staff and civil contingencies for extreme weather. The Council's Corporate risk register can be found here: Corporate Risk Register - March 2025

In addition to the Council's Corporate risk register, the risks that relate to the financial standing and operation of the organisation are also assessed and the potential impact on the Council's one off funding through reserves are also assessed. These key financial risks to the authority are split into those which relate to the robustness of estimates, and those which relate to the adequacy of proposed reserves. The tables below detail the risks with the highest likelihood and impact, with the full schedule available in Annex 1 of the Council's budget report for 2025/26, which can be found here: Key Financial risks. As below, each risk is assessed for the inherent risk and the mitigations which are currently in place to reduce both the likelihood of the risk occurring and then also the impact of the risk, should it occur to give a residual risk rating.

Key Financial Risk - Robustness of estimates		INHERENT RISK		Comments/Mitigating Actions in place	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
RE5	Fees and charges income: Projected levels of income within the period are not achieved and/or maintained	2	2	• Fees and charges have been reviewed as part of the business planning process, including where appropriate relevant benchmarking, with significant adjustments already included in the updated MTFP position. If there are 'in year' shortfalls these form part of the robust budget monitoring processes. • Existing income streams are known and are therefore more predictable, however in light of the economic backdrop these levels of income may not be achieved.	2	2
RE6	Increase in demand led spending pressures (including impact of Welfare Reform, social care, safeguarding) over and above the current budget provision and assumptions.	3	3	• Annual budget setting process developed in consultation with service managers, demand and complexity assumptions built into the base as growth. • Monitoring of capital (quarterly) and revenue (monthly) budgets, reported to SLT (monthly) and Strategic Committee (Quarterly). • Actions to address any significant in year budget variances are agreed with SLT with updates as part of monthly monitoring process.	2	2

Key Financial Risk - Robustness of estimates		INHERENT RISK		Comments/Mitigating Actions in place	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
RE7	General or Contract Inflation increases at a higher rate than anticipated	2	2	The MTFS assumes: •3% pa contracted services. •Specific contract inflationary pressures have been separated identified as a pressure if they vary materially from the underlying assumption. •The main inflationary increase is likely to impact capital spend more than revenue spend and this is built in to the expected cost of individual schemes. • Provision for pay inflation identified as a separate risk. •Impact of additional inflation on other areas would increase income and expenditure by similar amounts. • Beyond this provision, it would be managed as an 'in year' issue and services would be expected to absorb the difference. In exceptional circumstances a release from the Economic Risk Reserve will be requested.	2	2

Key Financial Risk - Robustness of estimates		INHERENT RISK		Comments/Mitigating Actions in place	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
RE8	Overall review of government funding allocations through a formula basis result in funding less than assumed. Increases in Employers NI contributions not fully compensated.	3	3	• The impact of the Provisional Local Government Finance Settlement has been assessed at the earliest opportunity and the MTFP has been revised accordingly. • The MTFP for 2025/26 assumes that current grants and funding allocations that are expected to continue have been assumed at the 2024/25 levels unless notified. • It is unlikely that outsourced services will have the impact of NI increases compensated. • Further certainty is expected from the Spring 2025 budget.	2	2
RE11	The council's service delivery partners seek to exit an agreement or are no longer able to deliver the required service or the council seeks to reach an exit agreement.	2	2	• Procurement Team and Service Managers monitor and work closely with the Council’s significant service delivery partners. • Contractual obligations on both parties that set out the respective roles and responsibilities.	2	2

Key Financial Risk - Robustness of estimates		INHERENT RISK		Comments/Mitigating Actions in place	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
RE12	Third party provider costs will increase as a result of the increase in Employer NI contributions, increase in National Living Wage and/or London Living Wage	5	3	• As each contract is procured/reprocured any impact of this will need to be assessed and addressed to ensure services are procured within budget. • Significant negotiations are undertaken with providers in relation to annual price increases, with increases being kept to a minimum. However, this is unlikely to be sustainable in the longer term. • Continue to lobby the government to recognise the systemic underfunding in demand led services with significant elements of care provision.	5	2

Key Financial Risk - Adequacy of financial reserves		INHERENT RISK		Comments/Mitigating Actions in place	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
FR2	The Government could impose a lower Council Tax referendum threshold (currently 4.99% including Adult Social Care Precept	2	2	• Assumption is that Council Tax is increased by the 4.99% referendum limit each year of the MTFS. • The Provisional Local Government Finance Settlement announced a 4.99% (including Social Care Precept) referendum limit for 2025/26.	2	2
FR3	Council Tax Growth - the council fails to collect, retain and grow council tax income	2	2	• The assumption built into the MTFS is based on an average growth of 1% of new band D properties. • The actual growth will be monitored on a regular basis.	2	2
FR4	Delivery of all of the agreed savings and future savings targets is not achieved	3	3	• Progress and delivery of the overall savings programme and individual proposals monitored at Executive Director level, by SLT, with any non achievement forming part of the normal budget monitoring actions process. • SLT and WLT review and risk assess the validity and achievability of savings proposals and provide approval (or not).	2	2
FR5	Non-receipt or slippage in capital receipts or contributions (not accompanied by a slippage in spend)	3	3	• £18.384m new capital receipts and contributions assumed over the MTFS period. The receipts are only assumed to fund the capital programme once received.	2	2

Key Financial Risk - Adequacy of financial reserves		INHERENT RISK		Comments/Mitigating Actions in place	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
				• Other capital funding options could be considered such as Borrowing to cover potential shortfalls or slippage.		
FR6	Legislative changes not anticipated	3	3	• Keep up to date with Government policy and consultations. • General Fund Balance of £19.6M is held to cover the financial implications or look for alternative sources of funding. • Lobby for New Burdens Funding	2	2
FR7	Removal of DSG override	3	5	• DfE aware of the potential significant impact on Council's financial position, with a number of councils unlikely to be able to balance their financial position in the short to medium term. • It is unlikely to be removed without an understanding of how ongoing pressures on the DSG, particularly in relation to High Needs, will be addressed.	2	5
FR8	Ad hoc or unforeseen events / emergencies	2	2	• General Fund Balance of £19.6M can be utilised in respect of the financial impact of such an event. • Subject to the nature of the event alternative sources of funding might be available.	2	2

Financial strategy

The Medium Term Financial Strategy (MTFS) sets out the Council's approach to the management of its financial resources to meet its corporate priorities. It sets out projections for costs of service delivery and the resources available to fund those services over the next four year period to 2028/29 and was approved by Council in February 2025.

The cost of living crisis combined with national pressures within Adults Social Care, Children's Social Care and Homelessness have resulted in the continued need to identify opportunities for maximising income, invest to save activities, digital opportunities and transformational proposals to deliver a sustainable MTFS. A number of these have been included in the 2025-26 budget along with growth proposals, as well as providing for inflationary increases in services.

Despite the financial challenges facing the Council in a year, the Council has a strong track record of good financial management. Budget management reports are considered monthly by the Council's strategic leadership team and quarterly by the Council's Corporate and Resources Committee in order to be able to take the necessary actions to mitigate the financial position.

Revenue outturn

The final outturn position is an overspend of £1.95m, which has been met through drawing down £1.95m from the Economic Risk Reserve earmarked for this purpose. Service expenditure had an overspend of £10.9m as a result of pressures arising from the demand-led services of Adults and Children's packages of care, and temporary accommodation. This pressure has been offset by underspends through one off an underspend within centrally held budgets for capital financing costs and increased receipt of centrally held grants.

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

Directorate	2024/25 Budget	2024/25 Outturn	Outturn Variance	Month 9 Forecast Variance	Movement from Month 9 Forecast Variance
	£M	**£M**	**£M**	**£M**	**£M**
Adult Social Care & Health	61.82	64.48	2.66	4.36	(1.70)
Residents & Communities	23.06	22.49	(0.57)	0.55	(1.12)
Place	9.83	15.43	5.59	1.66	3.94
Children's Services	45.68	48.75	3.07	3.79	(0.72)
Corporate Services	13.44	13.76	0.32	0.35	(0.03)
Chief Executives	3.51	3.33	(0.18)	(0.04)	(0.14)
Total Expenditure	**157.34**	**168.23**	**10.90**	**10.66**	**0.23**
Central Items	21.04	12.30	(8.74)	(4.60)	(4.14)
Total Resources	**(178.38)**	**(178.58)**	**(0.20)**	**0.34**	**(0.54)**
Outturn before transfer from Reserves	(0.00)	1.95	1.95	6.40	(4.45)
Transfer from Economic Risk Reserve	0.00	(1.95)	(1.95)	(6.40)	4.45
Grand Total	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Capital programme

The table below shows the actual capital expenditure during the 2024/25 financial year, against the reprofiled budget. The overall underspend against budget was £43.53m, with £31.84m requested to be rephased into future years, and £11.69m no longer required in the capital programme. This is due to delays in delivery of projects, including re-scoping, additional engagement with stakeholders and issues with sourcing material and labour on some of the projects. The rephasing is split between the General Fund, totalling £18.17m and the Housing Revenue Account (HRA), £13.67m.

Directorate	2024/25						
	Latest Budget (£M)	Actuals 24/25 (£M)	Outturn Variance (£M)	Month 9 Forecast Variance (£M)	Movement from Month 9 Forecast (£M)	Rephasing Requested (£M)	Residual Amount After Rephasing (£M)
Corporate Services	3.14	2.37	(0.78)	0.00	(0.78)	0.75	(0.03)
Place	77.97	59.54	(18.43)	(13.41)	(5.02)	13.81	(4.62)
Residents & Communities	4.98	1.51	(3.47)	(0.28)	(3.19)	3.61	0.14
SubTotal - General Fund	**86.09**	**63.41**	**(22.68)**	**(13.70)**	**(8.98)**	**18.16**	**(4.51)**
Place-HRA	60.74	39.89	(20.85)	(4.28)	(16.57)	13.67	(7.18)
Total Capital Programme	**146.83**	**103.30**	**(43.53)**	**(17.98)**	**(25.55)**	**31.84**	**(11.69)**

The general fund capital programme over four years from 2025/26 to 2028/29 will be **£196.5m**, with a further **£119.1m** within the HRA, to a total capital programme of **£315.6m**, to provide infrastructure investment in Kingston. The General Fund capital programme is funded by a combination of capital receipts, external funding from grants and levies, and prudential borrowing. The HRA programme is funded by the Major Repairs Reserve, external grants, leaseholder receipts and prudential borrowing.

The capital programme reflects residents and Council priorities. There is major investment in housing, with the continued investment in the regeneration of the Cambridge Road Estate (CRE) and small sites programme within the HRA. The Council will also continue to invest in building a new community leisure centre in Kingston town centre. The post-16 campus will support young people with SEND to prepare for work and to learn in the local community.

Housing Revenue Account (HRA)

The HRA is reporting an underspend of £2.65m for 2024/25 at the year end to 31 March 2025. The underspend increased the cumulative HRA surplus to £15.72m. The key area of work within the HRA is to increase the supply of Council Housing (Cambridge Road Estate (CRE) development, Small Sites and acquisitions) in an effort to reduce reliance on Temporary Accommodation to fulfill the Council's housing duty to homeless households and the pressure this places on the General Fund.

With the Small Sites programme nearing completion, the Council aspires to generate sufficient headroom within the HRA to support a further round of Council led housing development and/or acquisitions over the next five years. The potential to do so is linked to the CRE development programme which remains the Council's highest housing priority and a significant factor in determining the capacity in the HRA alongside. The CRE Business Plan for the second phase of the project was approved by the Corporate & Resources committee in March 2025. The adoption of this revised CRE business plan will facilitate a further review of the HRA position and it is anticipated that an updated HRA business plan will be presented to a relevant committee later in 2025/26.

The Council's 30 year HRA Business Plan sets out plans for maintaining and investing in its housing stock of 4,429 rented and 1,507 leaseholder properties. Each year the HRA Business Plan is reviewed to take account of any changes to factors, including changes to housing policy, economic assumptions, such as building cost inflation and interest rates and changes to local conditions, such as stock condition and levels of RTB sales.

The HRA Programme of capital expenditure over the next four years 2025-26 to 2028-29 is £119.1m. Overall the HRA capital programme is set to improve existing HRA assets, increase supply with the support from the Building Homes for Londoners GLA grant funding and to address a programme of planned works to estates and other demand driven projects.

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 2025. 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 2025 and its income and expenditure for the year.

Sue Cuerden
Executive Director of Corporate Services
(Section 151 Officer)
27 June 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 2023/24	**Gross Income 2023/24**	**Net Expenditure 2023/24**		Notes	**Gross Expenditure 2024/25**	**Gross Income 2024/25**	**Net Expenditure 2024/25**
£'000	**£'000**	**£'000**			**£'000**	**£'000**	**£'000**
94,257	(37,571)	56,686	Adult Social Care		107,272	(38,845)	68,427
5,134	(267)	4,867	Chief Executive's		5,409	(295)	5,114
50,423	(25,090)	25,333	Corporate Services		26,285	(26,539)	(254)
168,074	(124,870)	43,204	Children's Services		197,380	(132,023)	65,357
45,861	(46,939)	(1,078)	Central Items		47,567	(48,554)	(987)
64,536	(46,100)	18,436	Place		73,183	(45,458)	27,725
32,882	(9,581)	23,301	Residents and Communities		40,189	(11,039)	29,150
55,021	(33,574)	21,447	Housing Revenue Account		56,396	(36,311)	20,085
516,188	**(323,992)**	**192,196**	**Cost of Services**		**553,681**	**(339,064)**	**214,617**

Comprehensive Income and Expenditure Statement (continued)

Gross Expenditure 2023/24	Gross Income 2023/24	Net Expenditure 2023/24		Notes	Gross Expenditure 2024/25	Gross Income 2024/25	Net Expenditure 2024/25
£000	**£000**	**£000**			**£000**	**£000**	**£000**
(346)	-	(346)	Other operating expenditure	6	17,971	-	17,971
23,307	(20,335)	2,972	Financing and investment income and expenditure	7	(890)	(12,094)	(12,984)
	(193,977)	(193,977)	Taxation and non-specific grant income	8		(180,821)	(180,821)
540,081	(539,236)	**845**	**(Surplus) or deficit on the provision of services**		**570,762**	**(531,979)**	**38,783**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		50,550	Surplus or deficit on revaluation of non-current assets	12a			(48,582)
		(46,757)	Actuarial gains or losses on pension assets and liabilities	12c			86,685
		3,793	**Other comprehensive income and expenditure**				**38,103**
		4,638	**Total comprehensive income and expenditure (surplus)/deficit**				**76,886**

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.

2024/25	Memorandum General Fund Balance	Memorandum Earmarked General Fund Reserves	Usable Reserves: Total General Fund Balance & Earmarked Reserves	Usable Reserves: Housing Revenue Account (HRA)	Usable Reserves: Capital Grants & Contributions Unapplied	Usable Reserves: Major Repairs Reserve	Usable Reserves: Capital Receipts Reserve	Usable Reserves: Total Usable Reserves	Non-usable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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 during 2024/25:-			-							
Total Comprehensive Expenditure and Income	17,500	0	**17,500**	21,283	0	0	0	**38,783**	**38,103**	**76,886**
Adjustments between accounting basis and funding basis under regulations (Note 10)	(13,188)	0	**(13,188)**	(25,607)	10,737	6,333	589	**(21,136)**	**21,136**	**0**
Net Increase/(Decrease) before transfers to Earmarked Reserves	**4,312**	**-**	**4,312**	**(4,324)**	**10,737**	**6,333**	**589**	**17,647**	**59,239**	**76,886**
Transfers to / (from) Earmarked Reserves	(4,312)	4,347	**35**	(35)	0	0	0	**0**	**0**	**0**
Increase / (Decrease) in Year	0	4,347	4,347	(4,359)	10,737	6,333	589	17,647	**59,239**	**76,886**
Balance at 31 March 2025	**(19,633)**	**(53,548)**	**(73,181)**	**(15,719)**	**(33,321)**	**(237)**	**(23,442)**	**(145,900)**	**(767,329)**	**(913,229)**

Movement in Reserves Statement (continued)

2023/24 - Prior Year For Comparison	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)**

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 2024		Notes	31 March 2025
£'000			**£'000**
	Long Term Assets		
1,087,129	Property, plant and equipment	13a	1,118,950
1,209	Heritage assets	13b	1,209
57,236	Investment property	14	70,983
4,524	Intangible assets	13c	8,162
1,021	Long term investments	17	1,009
45,280	Long term debtors	17	63,222
71,974	Net Asset Related to Defined Benefit Pension Scheme	31	-
-	Assets held for sale	15	-
1,268,373	**Total Long Term Assets**		**1,263,535**
	Current assets		
7,362	Assets held for sale	15	13,644
71,318	Short term investments	17	-
20,249	Inventories	35	18,940
84,551	Short term debtors	18	83,958
2,464	Cash and cash equivalents	20	52,575
185,944	**Total Current Assets**		**169,117**

Balance Sheet (continued)

31 March 2024		Notes	31 March 2025
£'000			£'000
	Current Liabilities		
(19,873)	Short term borrowing	17	(51,374)
(80,452)	Short term creditors	19a	(89,038)
(3,431)	Provisions	21	(3,958)
(71,009)	Grants receipts in advance	19b	(70,979)
(174,765)	**Total Current Liabilities**		**(215,349)**
	Long Term Liabilities		
(276,997)	Long term borrowing	17	(275,754)
(10,854)	Net liability related to defined benefit pension scheme	31	(25,580)
(1,586)	Provisions	21	(1,450)
-	Long term creditors	34	(655)
-	Long term grants receipts in advance	19b	(635)
(289,437)	**Total Long Term Liabilities**		**(304,074)**
990,115	**Net Assets**		**913,229**

	Reserves		
(163,547)	Usable reserves		(145,900)
(826,568)	Unusable reserves	12	(767,329)
(990,115)	**Total Reserves**		**(913,229)**

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.

2023/24			2024/25
£000		Notes	**£000**
845	Net (surplus) or deficit on the provision of services		38,783
(84,767)	Adjustment to the net surplus or deficit on the provision of services for non-cash movements	22	(91,767)
86,796	Adjustment for items in the net surplus or deficit on the provision of services that are investing or financing activities	22	39,326
2,874	**Net cash flows from operating activities**		**(13,658)**
36,240	**Net cash flows from investing activities**	23	(8,120)
11,272	**Net cash flows from financing activities**	24	(28,333)
50,386	**Net (increase)/decrease in cash and cash equivalents**		**(50,111)**
	Represented by:		
52,850	Cash and cash equivalents at the beginning of the reporting period		2,464
(50,386)	Net increase/(decrease) in cash and cash equivalents		50,111
2,464	**Cash and cash equivalents at the end of the reporting period**	20	**52,575**

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 2024/25 financial year and its position at the year-end of 31 March 2025. 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 2024/25, 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 2024/25 (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 2026, 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. Following the change in MRP guidelines MRP is now being charged on Investment properties commencing 2024/25.

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.

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 carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal 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) Transitioning to IFRS 16

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the PWLB rate at that date.
- a single discount rate has been applied to portfolios of leases with reasonably similar characteristics.
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued
- lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded.
- all leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 Balance Sheet where applicable.

This has resulted in the following additions to the Balance Sheet:

- £10.71m Property, plant and equipment (right-of-use assets).
- £0.65m Non-current creditors (lease liabilities).
- £5.14m Current creditors (lease liabilities).

Depreciation of £5.037m has been applied and it will be applied in subsequent years, in line with the Council's accounting policy.

The interest expense on these newly created liabilities totalled £0.225m.

x) 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.

y) 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 2024/25 (the Code).

IAS 16 Property, Plant and Equipment

The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment. This change of setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets has not been adopted in 2024/25.

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 joint venture Cambridge Road (RBK) LLP 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 since 2023/24.

- Kingston Upon Thames Investments Ltd and RBK Holdings Ltd were both dormant and as such the activity within their accounts was minimal and not material enough to be included in the Group Accounts. They were both dissolved in 2024/25.

- 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 2024/25 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. 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.	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 31.3.2025 would reduce the balance sheet value by £9.066m. 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 £3.629m 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 £11.357m, 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 £9.73m in the Council's pension liability; a 0.1% increase in the pension increase rate would increase the liability by approximately £9.34m and a 0.1% increase in the salary increase rate would increase the liability by approximately £0.56m. 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.

2024/25	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	64,480	(113)	64,367	4,060	68,427
Chief Executive's	3,332	-	3,332	1,782	5,114
Corporate Services	13,759	(17,003)	(3,244)	2,990	(254)
Children's Services	48,747	2,948	51,695	13,662	65,357
Central Items	12,300	(4,712)	7,588	(8,575)	(987)
Place	15,425	1,772	17,197	10,528	27,725
Residents & Communities	22,491	781	23,272	5,878	29,150
Housing Revenue Account	(4,358)	(4,239)	(8,597)	28,682	20,085
Net cost of services	**176,176**	**(20,566)**	**155,610**	**59,007**	**214,617**
Other Operating Expenditure		605	605	17,366	17,971
Financing and investment income		363	363	(13,347)	(12,984)
Taxation and non-specific grants	(178,582)	21,992	(156,590)	(24,231)	(180,821)
Transfer from Economic Risk Reserve	(1,953)	1,953	-		-
(Surplus) or Deficit on provision of services	**(4,359)**	**4,347**	**(12)**	**38,795**	**38,783**
Opening General Fund and HRA Balances			(88,888)		
Add surplus/ deficit on GF & HRA Balance in year			(12)		
Closing General Fund and HRA Balances			**(88,900)**		

Note 5 Expenditure and Funding Analysis (continued)

2023/24 - 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	55,942	1,005	56,947	(261)	56,686
Chief Executive's	3,253	1,732	4,985	(118)	4,867
Corporate Services	13,354	(10,985)	2,369	22,964	25,333
Children's Services	44,165	1,505	45,670	(2,466)	43,204
Central Items	11,858	(4,803)	7,055	(8,133)	(1,078)
Place	11,771	(1,257)	10,514	7,922	18,436
Residents and Communities	22,821	773	23,594	(293)	23,301
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 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**	**2024/25**	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**
(113)	-	-	**(113)**	Adult Social Care	3,842	241	(23)	**4,060**
-	-	-	**-**	Chief Executive's	1,605	77	100	**1,782**
401	-	(17,404)	**(17,003)**	Corporate Services	2,272	331	387	**2,990**
3,052	-	(104)	**2,948**	Children's Services	8,960	475	4,227	**13,662**
(2,535)	(605)	(1,572)	**(4,712)**	Central Items	(8,643)	68	-	**(8,575)**
(3,720)	-	5,492	**1,772**	Place	9,999	300	229	**10,528**
781	-	-	**781**	Residents and Communities	6,119	225	(466)	**5,878**
36	-	(4,275)	**(4,239)**	Housing Revenue Account	28,619	95	(32)	**28,682**
(2,098)	**(605)**	**(17,863)**	**(20,566)**	Net cost of services	**52,773**	**1,812**	**4,422**	**59,007**
-	605	-	**605**	Other Operating Expenditure	17,366	-	-	**17,366**
-	-	363	**363**	Financing and investment income	(10,015)	(2,789)	(543)	**(13,347)**
4,492	-	17,500	**21,992**	Taxation and non - specific grants	(25,126)	-	895	**(24,231)**
1,953			**1,953**	Transfer from Economic Risk Reserve				
4,347	**-**	**-**	**4,347**	Difference between GF/HRA (surplus)/ deficit and CIES (surplus) /deficit	**34,998**	**(977)**	**4,774**	**38,795**

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**	**2023/24 - Comparative figures**	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	-	(308)	47	**(261)**
1,732	-	-	**1,732**	Chief Executive's	-	(128)	10	**(118)**
(46)	-	(10,939)	**(10,985)**	Corporate Services	23,435	(471)	-	**22,964**
1,613	-	(108)	**1,505**	Children's Services	(1,158)	(810)	(498)	**(2,466)**
(1,470)	(586)	(2,747)	**(4,803)**	Central Items	(7,652)	(481)	-	**(8,133)**
(8,511)	-	7,254	**(1,257)**	Place	8,271	(440)	91	**7,922**
391	-	382	**773**	Residents and Communities	-	(342)	49	**(293)**
-	-	(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 5b Expenditure and Income Analysed by Nature

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

2023/24		2024/25
£000		**£000**
	Expenditure	
128,849	Employee benefits expenses	142,189
327,108	Other service expenses	346,787
60,232	Depreciation, amortisation and impairment	64,705
-	Loss on disposal of non-current assets	16,614
-	Payment to the Government Housing Capital Receipts Pool	752
10,594	Interest payments	7,242
586	Precept and Levies	605
12,712	(Gain)/Loss on Investment Property Revaluation	(8,132)
540,081	**Total Expenditure**	**570,762**
	Income	
(97,828)	Fees and charges and other service income	(108,563)
(932)	Gain on disposal of non-current assets	-
(139,606)	Income from Council Tax and Business Rates	(145,513)
(280,535)	Government grants and contributions	(265,809)
(20,335)	Interest and investment income	(12,094)
(539,236)	**Total Income**	**(531,979)**
845	**(Surplus) or Deficit on Provision of Services**	**38,783**

Note 6 Other Operating Expenditure

2023/24		2024/25
£'000		£'000
586	Levies paid to Other Local and Public Authorities	605
-	Payment to the Government Housing Capital Receipts Pool	752
(932)	Net Losses/(Profit) on the disposal of non-current assets	16,614
(346)	**TOTAL**	**17,971**

Note 7 Financing and Investment Income and Expenditure

2023/24		2024/25
£'000		£'000
11,057	Interest payable and similar charges	10,031
(463)	Net interest on the net defined benefit pension scheme liability	(2,789)
(6,903)	Interest income	(4,511)
(2,736)	Interest receivable from finance leases	(2,108)
8,910	Income and expenditure in relation to investment properties and changes in their fair value	(13,619)
(6,893)	Other investment income	12
2,972	**TOTAL**	**(12,984)**

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.

2023/24		2024/25
£'000		**£'000**
(119,982)	Council Tax Income	(125,730)
(19,625)	Business Rates Retention Scheme	(19,784)
(10,057)	Non-ringfenced government grants	(10,278)
(44,313)	Capital grants and contributions	(25,029)
(193,977)	**Total Credited to Taxation and Non-Specific Grant Income**	**(180,821)**

Note 9 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/25

2023/24	Grants Credited to Taxation and Non-Specific Grant Income	2024/25
£'000		**£'000**
	Non-ringfenced government grants:	
(781)	New Homes Bonus	(497)
(7,810)	Section 31 Business Rate Grant	(8,855)
(892)	Services Grant	(154)
(574)	Other Non-ringfenced government grants	(772)
(10,057)	**Total**	**(10,278)**

Note 9 Grant Income (continued)

2023/24		2024/25
£'000	**Capital Grants and Contributions:**	£'000
(566)	Transport for London	(2,175)
(12,126)	Schools Basic Need	(7,002)
(6,097)	Schools Capital funding	(2,052)
(1,653)	Disabled Facilities	(1,886)
(5,420)	Community Infrastructure Levy	(1,335)
(16,637)	GLA Cambridge Road Estate Grant	(6,360)
(1,814)	Other Capital Grants and Contributions	(4,218)
(44,313)	**Total**	**(25,028)**

Note 9 Grant Income (continued)

2023/24	Revenue Grants Credited to Services	2024/25
£'000		£'000
(893)	Adult Social Care Discharge Fund	(1,531)
(46,192)	Benefit Subsidy	(43,240)
(4,188)	Better Care Fund contribution from ICB	(4,425)
(1,840)	Improved Better Care Fund	(1,840)
(3,324)	Health Funding for Children's Services	(2,895)
(4,411)	GLA Contribution for Free Schools Meal Programme	(3,061)
(2,649)	Covid 19 - Household Support Fund - Households With Children	(2,543)
-	Covid Business Support	-
(93,681)	Dedicated Schools Grant	(100,761)
(82)	Energy Bills Council Tax Rebate (Discretionary Fund)	-
(2,204)	Homelessness Prevention Grant	(2,219)
(1,670)	Homes for Ukraine	(1,461)
(1,092)	Leaving Care - Grant Funding	(970)
(2,214)	Market Sustainability & Fair Cost of Care Grant	(2,508)
(3,402)	PE & Sports Grant	(3,687)
(11,111)	Public Health Grant	(11,722)
(5,223)	Pupil Premium	(6,595)
(1,547)	Rough Sleepers Initiative	(1,741)
(1,633)	School Supplementary Grant	-
(935)	Skills Funding Agency Funding	(478)
(7,473)	Social Care Support Grant	(9,937)
(593)	Troubled Families Grant	(595)
(1,060)	Unaccompanied Asylum Seeking Children (UASC)	(856)
(1,630)	Universal Infants Free School Meals	(1,570)
(28,059)	Other Revenue Grants & Contributions Credited to Services	(25,557)
(227,106)	**Total Revenue Grants included in Cost of Services**	**(230,192)**

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)

2024/25	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	(32,729)	(5,608)	-	-	-	**38,337**
Revaluation losses on Property Plant & Equipment	4,630	(28,876)	-	-	-	**24,246**
Amortisation of Intangible Assets	(2,121)	-	-	-	-	**2,121**
Movements in the market value of investment properties	8,132	-	-	-	-	**(8,132)**
Capital Grants and contributions applied	15,967	-	-	-	-	**(15,967)**
Revenue expenditure funded from capital under statute	(3,749)	-	-	-	-	**3,749**
Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(25,270)	(5,641)	-	-	-	**30,911**
Statutory provision for repayment of debt	12,482	-	-	-	-	**(12,482)**
Any voluntary provision for repayment of debt	-	-	-	-	-	**-**
Capital expenditure charged against the General Fund and HRA balances	1,076	256	-	-	-	**(1,332)**
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CIES	9,159	-	(9,159)	-	-	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	19,896	-	-	**(19,896)**
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	(255)	2,817	-	-	-	**(2,562)**

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

2024/25 (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	5,604	5,876	-	-	(11,480)	**-**
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-	9,712	**(9,712)**
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	(752)	-	-	-	752	**-**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	-	**-**
Use of capital receipts for revenue purposes	(1,605)	-	-	-	1,605	**-**
Receipt of loan repayments into the Capital Receipts Reserve	-	-	-	-	(4,199)	**4,199**
Application of loan repayments to finance the write down of loan debtors	-	-	-	-	4,199	**(4,199)**
Adjustments primarily involving the Major Repairs Reserve:						
Contribution to Major Repairs Reserve	-	5,608	-	(5,608)	-	**-**
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	11,941	-	**(11,941)**
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	555	-	-	-	-	**(555)**
Adjustments primarily involving the Financial Instruments Revaluation Reserve:						
Impairment Losses	(12)	-	-	-	-	**12**
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited to the CIES (see Note 31)	(10,098)	(633)	-	-	-	**10,731**
Employers Pensions contributions and direct payments to pensioners payable in the year	11,145	563	-	-	-	**(11,708)**

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

2024/25 (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	(894)	-	-	-	-	**894**
Adjustments primarily involving the DSG Adjustment Account:						
Contribution (to)/from DSG Adjustment account	(3,548)	-	-	-	-	**3,548**
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	(905)	31	-	-	-	**874**
Total Adjustments	**(13,188)**	**(25,607)**	**10,737**	**6,333**	**589**	**21,136**

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

2023/24 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	(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 Comparative Figures (continued)	Usable Reserves					Non-usable Reserves
	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts Reserve	
	£'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 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	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 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 2024/25.

Earmarked Reserves	Balance 31 March 2023	Transfers In	Transfers Out	Transfers Between	Balance 31 March 2024	Transfers In	Transfers Out	Transfers Between	Balance 31 March 2025
	£'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	(2,831)		1,307		**(1,524)**	0	201	1,323	**0**
Covid-19 Expanded Business Rate Relief Grant carry forward	-				**0**	0	0	0	**0**
Covid-19 Hardship Funding pending allocation	(612)	(138)			**(750)**	0	0	750	**0**
Covid-19 Local Restrictions Support Grant pending allocation	-				**0**	0	0	0	**0**
Corporate Reserves:									
Strategic Investment Reserve	(6,152)	(1,050)	3,055	1,149	**(2,998)**	(1,050)	1,440	0	**(2,608)**
Collection Fund Risk Reserve	(6,543)				**(6,543)**	0	0	6,543	**0**
Revenue Grants Unapplied Reserve	(1,855)		90		**(1,765)**	0	0	1,765	**0**
Redundancy Reserve	(2,099)	(752)			**(2,851)**	(373)	367	0	**(2,857)**
Election Reserve	(161)	(112)			**(273)**	(112)	0	0	**(385)**
Company Loss Reserve	(702)				**(702)**	0	0	0	**(702)**
Children's Services and Education Reserve	(1,420)		5		**(1,415)**	0	0	0	**(1,415)**
Insurance Reserve	(1,675)	(65)			**(1,740)**	0	191	0	**(1,549)**
Local Plan Reserve	(322)	(50)			**(372)**	(398)	146	0	**(624)**
Economic Risk Reserve	(970)		970		**0**	(1,195)	3,240	(14,367)	**(12,322)**
Debt Collection Risk Reserve	**(2,376)**		2,229		**(147)**	0	0	147	**0**
MRP Equalisation Reserve	(3,839)				**(3,839)**	0	0	3,839	**0**

Transfers To/From Earmarked Reserves (continued)

Earmarked Reserves	Balance 31 March 2023	Transfers In	Transfers Out	Transfers Between	Balance 31 March 2024	Transfers In	Transfers Out	Transfers Between	Balance 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Specific Reserves:									
Corporate and Communities	(685)	-	-	-	**(685)**	0	0	0	**(685)**
Children's Services	(88)	-	10	-	**(78)**	0	18	0	**(60)**
Adults Services	(806)	(423)	40	(1,149)	**(2,338)**	(876)	690	0	**(2,524)**
Statutory Reserves:									
On Street Parking Reserve	-	(2,469)	2,469	-	**0**	(2,555)	2,555	0	**0**
Bus Lane Enforcement Reserve	1	(657)	657	-	**1**	(685)	684	0	**0**
Moving Traffic Contravention Reserve	1	(2,166)	2,166	-	**1**	(1,252)	1,251	0	**0**
Kingston Theatre LLP Retained Profits Reserve	(903)	-	80	-	**(823)**	0	12	0	**(811)**
Other Revenue Funds:									
Coombe Estate Reserve	(82)	(9)	-	-	**(91)**	(9)	30	0	**(70)**
Earmarked Revenue Grants Funding	(11,271)	(1,921)	1,465	-	**(11,727)**	(282)	1,712	0	**(10,297)**
Total earmarked for future revenue expenditure	**(45,390)**	**(9,812)**	**14,543**	**-**	**(40,659)**	**(8,787)**	**12,537**	**0**	**(36,909)**
HRA Earmarked Reserves:									
HRA Earmarked Reserves	(616)	-	-	-	**(616)**	0	0	0	**(616)**
Total HRA earmarked reserve	**(616)**	**-**	**-**	**-**	**(616)**	0	0	0	**(616)**

Transfers To/From Earmarked Reserves (continued)

Schools									
Schools (held by Schools under delegated schemes)	(5,986)	(1,527)	571	-	**(6,942)**	(521)	1,117	0	**(6,346)**
Unallocated DSG	(7,588)	(95)	-	-	**(7,683)**	0	0	0	**(7,683)**
Total Schools	**(13,574)**	**(1,622)**	**571**	**-**	**(14,625)**	**(521)**	**1,118**	**0**	**(14,028)**
Reserves earmarked for future capital expenditure:									
Kingston Bridge Reserve Fund	**(47)**	**-**		**-**	**(47)**	0	0	0	**(47)**
Gloucester Rd Bridge Reserve	(83)	-	-	-	**(83)**	0	0	0	**(83)**
Other earmarked capital reserves	(1,865)	-	-	-	**(1,865)**	0	0	0	**(1,865)**
Total earmarked for future capital expenditure	**(1,995)**	**-**	**-**	**-**	**(1,995)**	**0**	**0**	**0**	**(1,995)**
Total earmarked reserves	**(61,575)**	**(11,434)**	**15,114**	**-**	**(57,895)**	**(9,308)**	**13,655**	**0**	**(53,548)**
General Fund balance	(19,632)	(1)	**-**	**-**	**(19,633)**				**(19,633)**
Total	**(81,207)**				**(77,528)**	**(9,308)**	**13,655**	**0**	**(73,181)**

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.

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.

Service Specific Reserves:

Corporate & Communities – monies held relating to heritage projects.

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 2024		31 March 2025
£'000		**£'000**
(379,952)	Revaluation Reserve	(388,448)
(353,327)	Capital Adjustment Account	(373,511)
(59,041)	Pensions Reserve	26,667
(391)	Financial Instruments Adjustment Account	(946)
(42,803)	Deferred Capital Receipts	(45,365)
(4,763)	Collection Fund Adjustment Account	(3,869)
2,141	Accumulated Absences Account	3,015
(834)	Financial Instruments Revaluation Reserve	(822)
12,402	Dedicated Schools Grant Adjustment Account	15,950
(826,568)	**TOTAL**	**(767,329)**

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 2023/24 and 2024/25 .

2023/24		2024/25
£'000		**£'000**
(439,687)	**Balance at 1 April**	**(379,952)**
(56,664)	Upward revaluation of assets	(63,590)
107,214	Downward revaluation of assets and impairment losses not charged to the surplus/(deficit) on the provision of services	15,008
50,550	Surplus or deficit on revaluation of non current assets not posted to the surplus/(deficit) on the provision of services	(48,582)
7,849	Difference between current value depreciation and historical cost depreciation	10,558
1,336	Accumulated losses on assets sold or scrapped	29,528
9,185	Amount written off to the Capital Adjustment Account	40,086
(379,952)	**Balance at 31 March**	**(388,448)**

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 2023/24 and 2024/25.

2023/24		2024/25
£'000		**£'000**
(393,351)	**Balance at 1 April**	**(353,327)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
28,824	Charge for depreciation and impairment of non-current assets	38,337
-	Impairment of available for sale financial assets	-
28,818	Revaluation gains/(losses) on Property, Plant and Equipment	24,246
2,590	Amortisation of intangible assets	2,121
2,180	Revenue expenditure funded from capital under statute	3,749
33,775	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	30,911
6,461	Amounts of long term debtor written down by loan repayment	4,199
102,648		**103,563**
(7,849)	Difference between current value depreciation and historical cost depreciation	(10,558)
(1,336)	Accumulated losses on assets sold or scrapped	(29,528)
93,463	**Net written out amount of the cost of non-current assets consumed in the year**	**63,477**

Note 12 Unusable Reserves (continued)

Capital Adjustment Account (continued)

2023/24		2024/25
£'000		£'000
	Capital financing applied in the year:	
(6,461)	Loan repayments from Capital Receipts Reserve to finance write down of long term debtor	(4,199)
(7,080)	Use of the Capital Receipts Reserve to finance new capital expenditure	(9,712)
(8,128)	Use of the Major Repairs Reserve to finance new capital expenditure	(11,941)
(19,625)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(15,967)
(16,844)	Application of grants to capital financing from the Capital Grants Unapplied Account	(19,896)
(6,444)	Statutory provision for the financing of capital investment charged against the General Fund and HRA Balances	(12,482)
-	Voluntary provision for the repayment of debt	-
-	Funded from Revenue Reserves	-
(1,569)	Capital expenditure charged against General Fund and HRA balances	(1,332)
(66,151)		**(75,529)**
12,712	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(8,132)
(353,327)	**Balance at 31 March**	**(373,511)**

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.

2023/24		2024/25
£'000		£'000
(8,702)	**Balance at 1 April**	**(59,041)**
(61,916)	Remeasurement of the net defined benefit liability	(104,684)
15,160	Application of asset ceiling	191,369
(16,877)	Actual contributions from employers including unfunded element	(11,708)
13,757	Current Service Costs	12,946
-	Past service costs	574
-	Effect of settlements	-
(463)	Effect of interest costs	(2,789)
-	Effect of business combinations	-
(59,041)	**Balance at 31 March**	**26,667**

d) Financial Instruments Adjustment Account

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

2023/24		2024/25
£'000		**£'000**
(937)	**Balance at 1 April**	**(391)**
-	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	(19)
546	Calculated interest on Loan from Greater London Authority	(536)
(391)	**Balance at 31 March**	**(946)**

e) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the receipts from leases.

2023/24		2024/25
£'000		**£'000**
(8,040)	**Balance at 1 April**	**(42,803)**
(34,763)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,562)
-	Transfer to the Capital Receipts Reserve upon receipt of cash	-
(42,803)	**Balance at 31 March**	**(45,365)**

Note 12 Unusable Reserves (continued)

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.

2023/24		2024/25
£'000		**£'000**
(1,034)	**Balance at 1 April - Council Tax**	**(4,436)**
1,034	Opening balance reversed back to the Collection Fund Control Account	4,436
(4,436)	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	(2,332)
(4,436)	**Balance at 31 March**	**(2,332)**
2,718	**Balance at 1 April - Business Rates**	**(327)**
(2,718)	Opening balance reversed back to the Collection Fund Control Account	327
(327)	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	(1,537)
(327)	**Balance at 31 March**	**(1,537)**
(4,763)	**Grand Total**	**(3,869)**

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 2025. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from this Account.

2023/24		2024/25
£'000		£'000
2,434	**Balance at 1 April**	**2,141**
(2,434)	Settlement or cancellation of accrual at the end of the preceding year	(2,141)
2,141	Amounts accrued at the end of the current year	3,015
2,141	**Balance at 31 March**	**3,015**

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.

2023/24		2024/25
£'000		**£'000**
(855)	**Balance at 1 April**	**(834)**
-	Transfer of Available for Sale balances - IFRS 9 Categorisation	**-**
-	Upward revaluation of investments	-
21	Downward revaluation of investments	12
-	Change in impairment loss allowances	-
(834)	**Balance at 31 March**	**(822)**

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.

2023/24		2024/25
£'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	3,548
12,402	**Balance at 31 March**	**15,950**

Note 13a Property Plant & Equipment

2024/25	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Community assets	Surplus assets	Assets under construction	Right of Use assets	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1st April 2024	**390,349**	**532,599**	**46,597**	**6,037**	**2,000**	**84,897**	**-**	**1,062,479**
Recognition of Right of Use assets	-	-	-	-	-	-	10,713	10,713
Additions	15,850	11,108	1,575	1,018	1	41,472	-	71,024
Revaluation increases/(decreases) recognised in the Revaluation Reserve	268	31,085	-	-	(59)	-	-	31,294
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(34,295)	4,318	-	-	(671)	-	-	(30,648)
Derecognition - Disposals	(2,488)	(28,266)	(28,539)	-	-	(36)	-	(59,329)
Reclassifications/Transfers	35,551	(38,812)	937	6	729	(13,475)	-	(15,064)
At 31st March 2025	**405,235**	**512,032**	**20,570**	**7,061**	**2,000**	**112,858**	**10,713**	**1,070,469**

Note 13a Property Plant & Equipment (continued)

2024/25	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Community assets	Surplus assets	Assets under construction	Right of Use assets	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment								
At 1st April 2024	**-**	**(14,967)**	**(32,192)**	**-**	**-**	**-**	**-**	**(47,159)**
Depreciation charge	(5,239)	(17,988)	(3,355)	-	-	-	(5,038)	(31,620)
Depreciation charge written out to the Revaluation Reserve	472	13,259	-	-	-	-	-	13,731
Depreciation charge written out to the Surplus/Deficit on the Provision of Services	4,998	622	-	-	-	-	-	5,620
Derecognition - Disposals	33	3,393	28,539	-	-	-	-	31,965
Reclassifications/Transfers	(264)	2,447	(5)	-	-	-	-	2,178
At 31st March 2025	**-**	**(13,234)**	**(7,013)**	**-**	**-**	**-**	**(5,038)**	**(25,285)**
Net book value at 31st March 2025	405,235	498,798	13,557	7,061	2,000	112,858	5,675	1,045,184
Net book value at 31st March 2024	390,349	517,632	14,405	6,037	2,000	84,897	-	1,015,320
Nature of asset holding								
Owned	405,235	498,798	13,557	7,061	2,000	112,858	-	1,039,509
Leased	-	-	-	-	-	-	5,675	5,675
	405,235	**498,798**	**13,557**	**7,061**	**2,000**	**112,858**	**5,675**	**1,045,184**

Note 13a Property Plant & Equipment (continued)

2023/24 - 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 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 - 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 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)

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	**2023/24**	**2024/25**
	£'000	**£'000**
Net book value at 1 April	**72,724**	**71,809**
Additions	5,923	5,867
Derecognition	-	-
Depreciation	(6,890)	(6,717)
Impairment	-	-
Other movements in cost	52	2,807
Net book value at 31 March	**71,809**	**73,766**

Total Property, Plant and Equipment reported on Balance Sheet	**2023/24**	**2024/25**
	£'000	**£'000**
Infrastructure assets **	71,809	73,766
Other Property, Plant and Equipment assets	1,015,320	1,045,184
Total Property, Plant and Equipment assets	**1,087,129**	**1,118,950**

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 2024		Value of commitment 31 Mar 2025
£'000		**£'000**
16,622	Schools programme	2,656
1,439	General fund property programme	3,837
352	Public realm programme	3,603
1,849	Highways & transport programme	3,471
728	ICT programme	177
6,832	HRA housing	12,196
56,779	Cambridge Road Estate	38,892
84,601		**64,832**

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 £5.239m being charged to the HRA (2023/24 £5.570m).

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	Right of Use Assets	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	5,429	13,557	73,766	7,061	-	112,858	5,675	218,346
Valued at current value as at:									
31 March 2025	405,235	383,806	-	-	-	2,000	-	-	791,041
31 March 2024	-	13,629	-	-	-	-	-	-	13,629
31 March 2023	-	18,744	-	-	-	-	-	-	18,744
31 March 2022	-	64,734	-	-	-	-	-	-	64,734
31 March 2021	-	10,457	-	-	-	-	-	-	10,457
31 March 2020	-	1,999	-	-	-	-	-	-	1,999
Total Cost or Valuation	**405,235**	**498,798**	**13,557**	**73,766**	**7,061**	**2,000**	**112,858**	**5,675**	**1,118,950**

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 Valuer.

31 March 2024					31 March 2025			
Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
-	2,000	-	2,000	Surplus Assets	-	2,000	-	2,000
-	57,236	-	57,236	Investment Properties	-	70,984	-	70,984
-	7,362	-	7,362	Assets Held for sale	-	13,643	-	13,643
-	**66,598**	**-**	**66,598**		**-**	**86,627**	**-**	**86,627**

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 2025. 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 £2.121m charged to revenue in 2024/25 was charged directly to each service heading (£2.589m in 2023/24).

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

2023/24		2024/25
£'000		£'000
	Balance at start of year:	
21,630	- Gross carrying amounts	22,970
(15,857)	- Accumulated amortisation	(18,446)
5,773	**Net carrying amount at start of year**	**4,524**
	Additions:	
1,340	- Purchases	3,441
(2,589)	- Amortisation for the period	(2,121)
-	- Reclassifications	2,318
4,524	**Net carrying amount at end of year**	**8,162**
	Comprising:	
22,970	- Gross carrying amounts	28,729
(18,446)	- Accumulated amortisation	(20,567)
4,524		**8,162**

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:

2023/24		2024/25
£'000		**£'000**
70,554	Balance at start of the year	57,236
17,086	Reclassifications	5,346
	Additions	350
(17,693)	Disposals	
-	Transfers to and from Investment properties	-
(12,711)	Net gains/(losses) from current value adjustments (Revaluations and Impairments)	8,052
57,236	**Balance at the end of the year**	**70,984**

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.

2023/24		2024/25
£'000		**£'000**
(4,453)	Rental Income from Investment Properties	(5,680)
651	Direct Operating Expenses arising from Investment Property	193
(3,802)		**(5,487)**

Note 15 Assets Held for Sale

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

2023/24		2024/25
£'000		**£'000**
1,158	**Balance outstanding at start of the year**	**7,362**
	Assets newly classified as held for sale:	
-	Investment Properties	15
-	Other Land & Buildings	1,999
-	Additions	176
	Assets declassified as held for sale:	
(435)	Derecognition - disposals	(730)
17,688	Reclassifications	402
(11,049)	Revaluation (gains)/losses	4,419
7,362	**Balance outstanding at year-end**	**13,643**
	Represented by:	
7,362	Short term assets held for sale	13,643
-	Long term assets held for sale	-
7,362	**Total assets held for sale**	**13,643**

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:

2023/24		2024/25
£'000		**£'000**
409,781	**Opening Capital Financing Requirement**	**450,802**
	Capital Investment:	
86,677	Property, Plant and Equipment	87,604
-	Investment Properties	350
1,341	Intangible Assets	3,441
8,406	Inventory (Property Buybacks)	1,516
2,180	Revenue Expenditure Funded from Capital Under Statute	3,749
-	Assets Held for Sale	176
2,107	Loan to Cambridge Road Estate Joint Venture	17,180
	Sources of Finance:	
(7,080)	Capital Receipts	(9,712)
(36,469)	Government grants and other contributions	(35,863)
	Sums set aside from revenue	
(9,697)	- Direct revenue contributions	(13,273)
(6,444)	- MRP / Loans fund principal	(12,482)
450,802	**Closing Capital Financing Requirement**	**493,488**
	Explanation of movements in year:	
41,021	Increase in underlying need to borrow (unsupported by government financial assistance)	42,686
-	Assets acquired under finance lease	10,713
41,021	**Increase in Capital Financing Requirement**	**53,399**

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 2024							31 March 2025
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
-	-	-	-	-	-	Fair value through profit and loss	-	-	-	-	-	-
-	45,280	71,318	64,757	2,464	183,819	Amortised Cost	-	63,222	-	64,026	52,575	179,823
1,021	-	-	-	-	1,021	Fair value through other comprehensive income - designated equity instruments	1,009	-	-	-	-	1,009
1,021	45,280	71,318	64,757	2,464	184,840	**Total financial assets**	1,009	63,222	-	64,026	52,575	180,832
-	-	-	19,794	-	19,794	Non-financial assets	-	-	-	19,932	-	19,932
1,021	45,280	71,318	84,551	2,464	204,634	**Total**	1,009	63,222	-	83,958	52,575	200,764

Note 17 Financial Instruments (continued)

				31 March 2024						31 March 2025
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
(276,997)	-	(19,873)	(62,617)	(359,487)	Amortised Cost	(275,754)	-	(51,374)	(70,865)	(397,993)
(276,997)	-	(19,873)	(62,617)	(359,487)	**Total financial liabilities**	(275,754)	-	(51,374)	(70,865)	(397,993)
-	-	-	(17,835)	(17,835)	Non-financial liabilities	-	-	-	(18,173)	(18,173)
(276,997)	-	(19,873)	(80,452)	(377,322)	**Total**	(275,754)	-	(51,374)	(89,038)	(416,166)

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	2023/24	2024/25
	£'000	£'000
Opening Balance	24,168	24,714
Increase in the discounted amount	546	(536)
Closing balance at end of year	24,714	24,178
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 2024/25	Dividends
	£'000	£'000	£'000	£'000
Kingston Theatre LLP	5,083	1,009	(12)	-
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:

2023/24			2024/25	
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:		
	-	Financial assets measured at fair value through profit or loss		-
	-	Financial assets measured at amortised cost	(536)	-
8	-	Investments in equity instruments designated at fair value through other comprehensive income	(12)	-
8	-	**Total net gains/losses**	(548)	-
		Interest revenue:		
(6,903)	-	Financial assets measured at amortised cost	(4,511)	-
	-	Other financial assets measured at fair value through other comprehensive income		-
(6,903)	-	**Total interest revenue**	(4,511)	-
		Interest expense		
11,057	-	Financial assets or financial liabilities that are not at fair value through profit or loss	10,031	-
11,057	-	**Total interest expense**	10,031	-

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 2024	As at 31 March 2025
			£'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	-	-
Total			**-**	**-**
Fair Value through Other Comprehensive Income				
Equity shareholding in Kingston theatre LLP	Level 3	Equity share attributable to shareholders	1,011	1,009
Equity shareholding in UK Municipal Bond Agency PLC	Level 3	Equity share attributable to shareholders	11	11
Total			**1,022**	**1,020**

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 £ 1.009m 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 £0.011m 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 2025 are also provided for comparison.

Fair Value of Liabilities Carried at Amortised Cost

31 March 2024			31 March 2025	
Carrying amount	**Fair Value**		**Carrying amount**	**Fair Value**
£'000	**£'000**		**£'000**	**£'000**
(211,763)	(180,207)	PWLB debt	(212,547)	(167,021)
(39,000)	(38,161)	Non-PWLB debt	(40,271)	(34,567)
(26,234)	(22,455)	GLA Soft Loan	(24,178)	(21,893)
(19,873)	(17,411)	Short term Borrowing	(50,132)	(49,985)
(80,452)	(80,452)	Short term creditors	(83,897)	(83,897)
-	-	Short term finance lease liability	(5,141)	(5,141)
-	-	Long term finance lease liability	(655)	**(655)**
(377,322)	**(338,686)**	**Total financial liabilities**	**(416,821)**	**(363,159)**

The fair value of PWLB loans of £167.0m measures the economic effect of the terms agreed with the PWLB, compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date.

The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, 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 £212.5m would be valued at £167.0m. However, 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 £236.2m.

Note 17 Financial Instruments (continued)

Fair Value of Assets Carried at Amortised Cost

31 March 2024			31 March 2025	
Carrying amount	**Fair Value**		**Carrying amount**	**Fair Value**
£'000	**£'000**		**£'000**	**£'000**
971	971	Money market loans < 1 year	48,160	48,160
71,318	71,318	Short term investments	-	-
64,757	64,757	Short term debtors	64,026	64,026
45,280	45,280	Long term debtors	63,222	63,222
1,493	1,493	Cash	4,415	4,415
183,819	**183,819**	**Total financial assets**	**179,823**	**179,823**

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 2025	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	-	(212,547)	-	(212,547)
Non-PWLB	-	(40,271)	-	(40,271)
GLA Soft Loan	-	(24,178)	-	(24,178)
Short term debt	-	(50,130)	-	(50,130)
Long term creditors	-	-	-	-
Finance lease liability	-	(5,796)	-	(5,796)
Total		**(332,922)**	**-**	**(332,922)**
Financial assets	-	-	-	-
Financial assets held at amortised Cost	-	-	-	-
Total	**-**	**-**	**-**	**-**

Note 17 Financial Instruments (continued)

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	**-**	**-**	**-**	**-**

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 February 2024 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 2024		31 March 2025
£'000		**£'000**
224,539	Public Works Loans Board	261,763
39,000	Market debt	39,814
26,625	GLA	24,178
5,000	Temporary loans	-
295,164	**Total**	**325,755**
17,775	Less than 1 year	50,001
10,776	Between 1 and 2 years	4
26,474	Between 2 and 5 years	41,713
52,163	Between 5 and 10 years	55,248
187,976	More than 10 years	178,789
295,164	**Total**	**325,755**

Note 17 Financial Instruments (continued)

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 2025
	£'000
Increase in interest receivable on variable rate investments	390
Increase in interest receivable on variable rate investments	(881)
Increase in government grant receivable for financing costs	-
Impact Surplus or Deficit on the Provision of Services	**(491)**
Share of overall impact credited to the HRA	(181)
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)	(21,934)

	PRIOR YEAR FOR COMPARISON 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.

2023/24		2024/25
£'000		**£'000**
16,591	Central Government Bodies	11,868
16,506	Other Local Authorities	8,891
5,308	NHS Bodies	10,409
(11)	Public Corporations & Trading Funds	(11)
46,157	Other Entities & Individuals	52,801
84,551	**Total**	**83,958**

2023/24		2024/25
£'000		**£'000**
102,520	Debtors	105,542
1,493	Payments in advance	2,099
(19,462)	Less Provision for impairment of bad debts	(23,683)
84,551	**Total**	**83,958**

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.

2023/24		2024/25
£'000		**£'000**
(5,263)	Central Government Bodies	(7,662)
(30,130)	Other Local Authorities	(32,298)
(4,723)	NHS Bodies	(2,691)
-	Public Corporations & Trading Funds	-
(40,336)	Other Entities & Individuals	(46,387)
(80,452)	**Total**	**(89,038)**

2023/24		2024/25
£'000		**£'000**
(73,017)	Creditors	(79,550)
(7,435)	Receipts in Advance	(9,488)
(80,452)	**Total**	**(89,038)**

Note 19b Grants Receipts in Advance

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

2023/24		2024/25
£'000		**£'000**
(5,072)	Revenue Grants Receipts in Advance	(4,417)
(65,937)	Capital Grants Receipts in Advance	(66,562)
(71,009)	**Total Current Grants Receipts in Advance**	**(70,979)**

2023/24		2024/25
£'000		**£'000**
-	Section 106	(635)
-	**Total Non-Current Grants Receipts in Advance - Capital**	**(635)**

Note 20 Cash and cash equivalents

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

2023/24		2024/25
£'000		**£'000**
-	Cash held by the Authority	-
1,493	Cash at Bank	4,785
971	Short-term liquid deposits	47,790
2,464	**Total**	**52,575**

Note 21 Provisions

	Balance c/fwd 31 March 2024	Additional provisions made in 2023/24	Amounts used in 2023/24	Unused amounts reversed in 2023/24	Balance c/fwd 31 March 2025
	£'000	£'000	£'000	£'000	£'000
Non Current Provisions:					
a) Long Term Insurance Provision	(1,586)	-	136	-	(1,450)
Total Non Current Provisions	(1,586)	-	136	-	(1,450)
Current Provisions:					
b) NNDR Appeals	(1,319)	-	235	-	(1,084)
c) HRA Water Charges Provision	(1,772)	-	-	-	(1,772)
d) HRA Maintenance	-	(606)	-	-	(606)
e) Other	(340)	(206)	50	-	(496)
Total Current Provisions	(3,431)	(812)	285	-	(3,958)
Total	**(5,017)**	**(812)**	**421**	**-**	**(5,408)**

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 2025, 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 £1.084m for outstanding appeals against valuations for Business Rates currently being assessed by the Valuation Office Agency (£1.319m in 2023/24).

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) In 2024/25 a provision has been created of £0.606m in relation to payments to a housing maintenance s

Note 22 Cash Flows from Operating Activities

2023/24		2024/25
£'000		**£'000**
(12,926)	Interest received	(7,398)
9,727	Interest paid	12,578
-	Dividends received	(12)
(3,199)	**Total**	**5,168**
	Adjust net surplus or deficit on the provision of services for non-cash movements	
(28,824)	Depreciation	(38,337)
(28,818)	Impairment and revaluations	(24,246)
(2,590)	Amortisation	(2,121)
-	Increase / (decrease) in impairment for bad debts	-
(5,386)	Increase / (decrease) in creditors	(2,063)
22,754	(Increase) / decrease in debtors	(3,163)
77	(Increase) / decrease in inventories	(8)
3,583	Movement in Pension Liability	977
(33,776)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(30,911)
	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	
1,483	Provisions	(391)
(12,711)	Movement in the value of investment properties	8,132
(546)	Movement in value of carrying value of loans	1,223
(13)	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	(859)
(84,767)	**Total non-cash adjustments**	**(91,767)**
87	Proceeds from the disposal of short-term and long-term investments	-
44,313	Capital Grants credited to surplus or deficit on the provision of services	14,297
42,396	Proceeds from the sale of property plant and equipment, investment property and intangible assets	25,029
86,796	**Total adjustments for investing or financing activities**	**39,326**

Note 23 Cash Flows from Investing Activities

2023/24		2024/25
£'000		**£'000**
95,850	Purchase of property, plant and equipment, investment property and intangible assets	82,963
130,000	Purchase of short term and long term investments	181,790
16,558	Other payments for investing activities	34,044
(7,584)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(9,121)
(125,000)	Proceeds from short and long term investments	(251,790)
(73,584)	Other receipts from investing activities	(46,006)
36,240	**Total cash inflow/(outflow) from investing activities**	**(8,120)**

Note 24 Cash Flows from Financing Activities

2023/24		**2024/25**
£'000		**£'000**
(15,000)	Cash receipts of short and long term borrowing	(50,007)
22,772	Repayment of short term and long term borrowing	17,775
-	Cash payments for the reduction of outstanding liabilities relating to finance leases & on-Balance Sheet PFI contracts	5,141
3,500	Other receipts from financing activities	-
-	Other payments for financing activities	(1,243)
11,272	**Total cash inflow/(outflow) from financing activities**	**(28,333)**

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.

2023/24		Remuneration Band	2024/25	
Schools Employees	Non-Schools Employees	£	Schools Employees	Non-Schools Employees
37	70	50,000 - 54,999	74	77
25	75	55,000 - 59,999	22	80
17	47	60,000 - 64,999	14	53
10	17	65,000 - 69,999	12	24
9	28	70,000 - 74,999	7	21
11	13	75,000 - 79,999	6	22
5	5	80,000 - 84,999	7	10
3	4	85,000 - 89,999	6	5
3	4	90,000 - 94,999	1	3
-		95,000 - 99,999	3	5
1	2	100,000 - 104,999	1	1
	2	105,000 - 109,999	1	1
2	4	110,000 - 114,999		2
-	6	115,000 - 119,999		8
-		120,000 - 124,999		1
	2	125,000 - 129,999		
		135,000 - 139,999		
123	**279**	**Total**	**154**	**313**

Note 25 Officers Remuneration and Exit Packages (continued)

2024/25	Note	Salary, fees and allowances	Compensation for loss of office	Employers pension contributions	Total
		£'000	£'000	£'000	£'000
Chief Executive - Sarah Ireland		217	-	38	255
Director of Children's Services - Ian Dodds	1	84	-	21	105
Executive Director Place - Matthew Essex		162	-	28	190
General Counsel		121	-	22	143
Executive Director ASC & Health		142	-	25	167
Executive Director Residents & Communities		143	-	25	168
Executive Director Corporate Services & S151 Officer - Sue Cuerden (03/06/2024-31/03/2025)		127	-	22	149
Acting Director of Finance & S151 Officer (01/04/2024-02/06/2024)		24	-	4	28
Corporate Head of Strategy, Communication and Engagement		95	-	16	111
Interim Director Transformation & Insight		116	-	20	136

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		138	-	27	165
Joint Director of Children's Services - Ian Dodds	1	85	-	21	106

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

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	
£	**2023/24**	**2024/25**	**2023/24**	**2024/25**	**2023/24**	**2024/25**	**2023/24 £'000**	**2024/25**
0 - 20,000	3	2	10	10	13	12	94	99
20,001 - 40,000	-	1	3	3	3	4	67	88
40,001 - 60,000	-	-	1	0	1	-	40	
60,001 - 80,000	-	2	3	0	3	2	207	136
80,001 - 100,000	-	-	-	-	-	-	-	-
100,001 - 150,000	-	-	-	-	-	-	-	-
150,001 - 200,000	-	1	1	-	1	1	153	185
200,001 - 250,000	-	1	-	-	-	1		209
Total	3	7	18	13	21	20	561	717

The total cost of £0.717m (£0.561m in 2023/24) 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 as the Authority is not the direct employer.

Note 26 Members Allowances

2023/24		2024/25
£'000		**£'000**
817	Allowances	800
0	Expenses	1
817	**Total**	**801**

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 2024/25 are as follows:

	Central Expenditure	Individual Schools Budget (ISB)	Total
	£'000	£'000	£'000
Final DSG for 2024/25 before academy and high needs recoupment			189,584
Academy and high needs figure recouped for 2024/25			90,135
Total DSG after academy and high needs recoupment for 2024/25			99,449
Plus: Brought forward from 2023/24			7,684
Less: Carry-forward to 2025/26 agreed in advance			0
Agreed initial budgeted distribution in 2024/25	38,284	68,849	107,133
In-year adjustments	1,590	(277)	1,313
Final budget distribution for 2024/25	39,874	68,572	108,446
Less: Actual central expenditure	36,964	-	36,964
Less: Actual ISB deployed to schools	-	69,746	69,746
Plus: Local authority contribution for 2024/25	2,400	0	2,400
In-year carry-forward to 2025/26	5,310	(1,174)	4,136
Plus: Carry-forward to 2025/26 agreed in advance	-	-	0
Carry-forward to 2025/26		-	7,684
DSG unusable reserve at the end of 2023/24	-	-	(12,402)
Addition to DSG unusable reserve at end of 2024 to 2025	-	-	(3,548)
Total of DSG unusable reserve at the end of 2024 to 2025		-	(15,950)
Net DSG position at the end of 2024/25			**(8,266)**

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

2024/25 is the tenth 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. 2024/25 was the eighth 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 2024		31 March 2025
£'000		**£'000**
	Funding:	
(1,730)	Underspend brought forward from previous year	2,064
3,751	Royal Borough of Kingston	4,156
14,428	Kingston ICB	15,771
16,449	**Total Funding**	**21,991**
	Expenditure:	
4,085	Royal Borough of Kingston	4,095
14,428	Kingston ICB	15,771
18,513	**Total Expenditure**	**19,866**
2,064	Net (Surplus)/Deficit on the pooled budget during the year	(2,125)
2,064	Council share of net (surplus)/deficit arising on the pooled budget*	(2,125)

* 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 2024/25 is shown in Note 26. During 2024/25 members of the Council (or members of their immediate family or household) undertook related party transactions with the following organisations to the value of £88.455m (£80.986m 2023/24). 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	2023/24	2024/25
		£'000	**£'000**
Kingston Carers Network	Grants and contract payments from RBK	375	299
Groundwork ltd	Grants to voluntary organisations	42	127
Kingston Theatre LLP	Grants from RBK including COVID-19 related	208	200
Cambridge Road (RBK) LLP	Receipts of costs recovered for Cambridge Road Estate regeneration	(560)	(742)
Cambridge Road (RBK) LLP	Loans to CRE LLP (including repayments)	(4,354)	11,282
Achieving for Children	Grants and payments from RBK	84,971	97,759
Surbiton Law LLP	Purchase of Leasehold Property	300	-
Centre for Community Development	Grants to voluntary organisations	3	2
Korea Town Foundation CIC	Grants to voluntary organisations	1	0

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 2 specific declarations of interest were received from Members (4 in 2023/24).

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 2024/25 includes consolidated Group Accounts which include the activities of the Council and its ownership share of the profit realised by AfC for 2024/25 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 changed with effect from March 2025 and is now made up of:
1 x Non-Executive Independent Director
6 x Council Appointed Directors (Maximum 2 x per member)
1 x Executive Directors (during part of 2024/25 there was an additional Executive Director on a temporary basis to cover maternity leave)

AfC's audited statement of accounts for 2024/25 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.

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 appointed KPMG LLP as the external auditor for 2023/24 and this is still the case for 2024/25.

2023/24		2024/25
£'000		**£'000**
316	Fees payable to KPMG with regard to external audit services carried out by the appointed auditor for the year	343
83	Fees payable to KPMG for the certification of grant claims and returns for the year	50
399	**Total**	**393**

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 £0.088m for 2024/25.

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 2024/25, the Council paid £7.972m (£6.271m in 2023/24) to Teachers Pensions in respect of retirement benefits. The employer contributions percentage was 28.68% of pensionable pay. There was £0.051m contributions remaining payable at the year-end (£0.186m in 2023/24).

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 2024/25, £0.006m (£0.006m in 2023/24) was payable by the Council in respect of NHS pensions retirement benefits, representing 14.38% of pensionable pay (14.38% in 2023/24). There was £0.001m of contributions remaining payable at the end of 2024/25 (£0.004m at the end of 2023/24).

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 £1.097m as at 31.03.2025.

2023/24 £000	Comprehensive Income and Expenditure Statement	2024/25 £000
	Service cost comprising:	
13,757	- Current service cost	12,946
-	- Past service cost	574
-	- Settlements	-
	Financing and Investment Income & Expenditure	
(28,968)	- Interest income on plan assets	(32,671)
28,505	- Interest cost on defined benefit obligation	29,154
-	- Interest on the effect of asset ceiling	728
13,294	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**10,731**
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
(51,415)	- Return on plan assets (excluding the amount included in the net interest expense)	10,406
(3,741)	- Actuarial (gains) and losses arising on changes in demographic assumptions	(1,068)
(26,657)	- Actuarial (gains) and losses arising on changes in financial assumptions	(91,424)
-	- Actuarial (gains)/losses arising from changes in membership assumptions	-
19,896	- Experience gain on defined benefit obligation	(6,710)
-	Change in the effect of the asset ceiling	(15,888)
15,160	- Application of asset ceiling	191,369
(46,757)	**Total Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**86,685**
(33,463)	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account**	**97,416**
	Movement in Reserves Statement	
(13,294)	Reversal of net charges made to the (Surplus) or Deficit on the provision of Service for Post Employment Benefits in accordance with the Code	(10,731)
16,877	Actual amount charged against the General Fund and HRA balances for pensions in year - Employers' contributions payable to scheme	11,708

Note 31 Defined Benefit Pension Scheme (continued)

The re-measurement of the net defined liability in the Comprehensive Income and Expenditure Statement 2024/25 is a deficit of £86.685m (2023/244 £46.757m surplus).

Assets and Liabilities in Relation to Post-employment Benefits

Pension assets and liabilities recognised on the balance sheet

2023/24		2024/25
£'000		**£'000**
685,715	Fair value of plan assets	698,695
(601,698)	Present value of funded liabilities	(523,492)
(15,160)	Application of asset ceiling	(191,369)
3,117	Pension fund prepayment	-
(10,854)	Present value of unfunded liabilities*	(9,414)
61,120	**Net Asset / (Liability) arising from defined benefit obligation**	**(25,580)**

*Unfunded LGPS liability is £5.144m (£5.862m in 2023/24) and teacher's unfunded liability amounts to £4.270m (£4.992m in 2023/24).

Reconciliation of Fair Value of scheme assets:

2023/24		2024/25
£'000		**£'000**
614,258	**Balance at 1 April**	**685,715**
28,968	Interest income	32,671
-	Effect of business combinations and settlements	
51,415	Remeasurement gain/loss	(10,406)
15,839	Contributions from employer	12,583
4,291	Contributions from employees into the scheme	4,410
(29,056)	Benefits Paid	(26,278)
685,715	**Balance at 31 March**	**698,695**

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-25	Quoted Prices in not Active Markets at 31-Mar-25	Total	Percentage of Total Assets
	£'000	£'000	£'000	%
Equity Security:				
- Consumer	16,068	-	16,068	2%
- Manufacturing	9,118	-	9,118	1%
- Energy & Utilities	9,543	-	9,543	2%
- Financial Institutions	15,061	-	15,061	2%
- Health and Care	15,104	-	15,104	2%
- Information Technology	22,794	-	22,794	3%
- Other	15,461	-	15,461	2%
Debt Securities	-			
Private Equity	-			
Real Estate				
- UK Property	44,216	-	44,216	6%
- Overseas Property	-	-	-	0%

Note 31 Defined Benefit Pension Scheme (continued)

Asset Category	Quoted Prices in Active Markets at 31-Mar-25	Quoted Prices in not Active Markets at 31-Mar-25	Total	Percentage of Total Assets
	£'000	£'000	£'000	%
Investment Funds and Unit Trusts:				
- Equities	274,768	-	274,768	40%
- Bonds	128,532	-	128,532	18%
- Hedge Funds	-	-	-	0%
- Commodities	-	-	-	0%
- Infrastructure	-	-	-	0%
- Other	135,650	-	135,650	20%
Derivatives:			-	
- Inflation	-	-	-	0%
- Interest rates	-	-	-	0%
- Foreign Exchange	-	-	-	0%
- Other	-	-	-	0%
Cash and Cash equivalents			-	
- All	12,381	-	12,381	2%
Total	698,695	0	698,695	100%

Note 31 Defined Benefit Pension Scheme (continued)

Reconciliation of fair value of scheme liabilities:

2023/24		2024/25
£'000		**£'000**
605,556	**Balance at 1 April**	**612,551**
13,757	Current Service Cost	12,946
28,505	Interest Cost	29,154
	Effect of business combinations and settlements	
4,291	Contributions by Members	4,410
(3,741)	Actuarial (gains)/losses arising from changes in demographic assumptions	(1,068)
(26,657)	Actuarial (gains)/losses arising from changes in financial assumptions	(91,424)
19,896	Actuarial (gains)/losses arising from changes and other experience item	(6,710)
-	Past Service Cost	574
-	Unfunded benefits paid	(1,250)
(29,056)	Benefits Paid	(26,278)
612,551	**Balance at 31 March**	**532,905**

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £532.905m 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:

2023/24		**2024/25**
%		**%**
2.8	Rate of Inflation	2.8
3.3	Rate of Increase in Salaries	3.3
2.8	Rate of Increase in Pensions	2.8
13.2	Rate of Return on Assets	13.2
4.8	Rate for Discounting Scheme Liabilities	5.8
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
21.9	Longevity at 65 for Current Pensioners - Men	21.8
24.6	Longevity at 65 for Current Pensioners - Women	24.5
22.8	Longevity at 65 for Future Pensioners - Men	22.7

Note 31 Defined Benefit Pension Scheme (continued)

Sensitivity analysis:

Change In Assumptions at 31st March 2025	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	8,431
1 year increase in member life expectancy	4%	21,316
0.1% increase in the Salary Increase Rate	0%	252
0.1% increase in the Pension Increase Rate	2%	8,413

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 2025 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:

2023/24		2024/25
%		%
55	Equity investments	54
6	Property	6
18	Bonds	18
19	Other Investment Funds and Unit Trusts	20
2	Cash	2
100		100

Note 32 Contingent Liabilities and Contingent Assets

The Council had no material contingent liabilities or contingent assets at 31 March 2025.

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 2024		31 Mar 2025
£'000		**£'000**
	Finance lease debtor (net present value of minimum lease payments)	
298	- current	372
32,387	- non-current	32,015
33,959	Unearned finance income	32,962
14,561	Unguaranteed residual value of property	14,561
81,205	**Gross investment in the lease**	**79,910**

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

31 Mar 2024		31 Mar 2025
£'000		**£'000**
81,205	Gross investment in the lease	79,910
(14,561)	less unguaranteed residual value of property	(14,561)
66,644	**Total**	**65,349**

Note 34 Leases (continued)

Operating Leases

31 Mar 2024		31 Mar 2025
£'000		**£'000**
(3,349)	Not later than one year	(3,706)
(13,159)	Later than one year and not later than five years	(8,822)
(13,248)	Later than five years	(14,172)
(29,756)	**Gross investment in the lease**	**(26,700)**

Authority as Lessee

IFRS 16:
The Council adopted IFRS 16 from 1 April 2024, therefore all consolidation adjustments have been made on this basis from 2024/25 onwards, to adjust for right of use assets and related lease liabilities in connection with all former operating leases.

Leased assets included in Property, Plant and Equipment

31 Mar 2024				31 Mar 2025		
Other land and buildings	**Vehicles, plant, furniture and equipment**	**Total Right of use Assets**		**Other land and buildings**	**Vehicles, plant, furniture and equipment**	**Total Right of use Assets**
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
-	-	-	Gross Cost	10,530	182	10,713
-	-	-	Accumulated Depreciation	(4,980)	(58)	(5,038)
-	**-**	**-**	**Total Right of Use Assets**	**5,550**	**124**	**5,675**

Finance Lease Liabilities

31 Mar 2024		31 Mar 2025
£'000		£'000
-	Not later than one year	(5,141)
-	Later than one year and not later than five years	(578)
-	Later than five years	(77)
-	**Total Lease Liabilities**	**(5,796)**

Minimum Lease Payments including interest

31 Mar 2024		31 Mar 2025
£'000		£'000
-	Current	(5,141)
-	Non- Current	(655)
-	**Total Lease Liabilities**	**(5,796)**

Note 35 Inventory

31 Mar 2024				31 Mar 2025		
Items held in Services	**Property buybacks**	**Total**		**Items held in Services**	**Property buybacks**	**Total**
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
27	**21,182**	**21,209**	**Balance at start of the year:**	**105**	**20,144**	**20,249**
105	8,406	**8,511**	Purchases	97	1,516	**1,613**
(27)	(9,444)	**(9,471)**	Recognised as an expense in year	(105)	(2,817)	**(2,922)**
105	**20,144**	**20,249**	**Balance at year-end**	**97**	**18,843**	**18,940**

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

2023/24	HRA Income and Expenditure Statement	Notes	2024/25
£'000			£'000
	Expenditure		
7,060	Repairs and maintenance		6,248
12,437	Supervision and management		13,419
1,072	Rents, rates, taxes and other charges		1,285
129	Special Services		550
5,760	Depreciation and impairment of non-current assets		5,608
28,117	HRA Property Revaluations		28,876
-	Debt management costs		-
446	Movement in the allowance for bad debts		410
-	Other revenue expenditure funded from capital under statute		-
55,021	**Total Expenditure**		**56,396**
	Income		
(28,368)	Gross rent from Council dwellings		(30,669)
(428)	Gross non dwellings rent		(416)
(2,169)	Charges for services and facilities		(2,817)
(865)	Contributions towards expenditure		(735)
(1,744)	Leaseholders charges for services and facilities		(1,674)
(33,574)	**Total Income**		**(36,311)**
21,447	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		20,085
-	Add HRA services share of Corporate and Democratic Core		-
21,447	**Net Cost of HRA Services**		**20,085**

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

2023/24	HRA Income and Expenditure Statement	Notes	2024/25
£'000			**£'000**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
738	Gain or (loss) on sale of HRA non-current assets		(3,053)
(25)	Net interest on the net defined benefit liability		(25)
5,276	Interest payable and similar charges		5,297
(2,994)	Interest and investment income		(1,021)
-	Income, expenditure and changes in the fair values of investment properties		-
-	Other expenditure/ income		-
24,442	**(Surplus)/Deficit for the Year on HRA Services**		**21,283**

Statement of Movement on the Housing Revenue Account Balance

2023/24	Statement of Movement on the Housing Revenue Account Balance	2024/25
£'000		**£'000**
(7,466)	**Balance on the HRA at the end of the previous year**	**(11,360)**
24,442	Surplus/(Deficit) on the HRA Income and Expenditure Statement (MIRS)	21,283
(28,336)	Adjustments between accounting basis and funding basis under statute (see Note 10 - Notes to the Financial Statements)	(25,607)
(3,894)	**Net increase before transfers to or from reserve**	**(4,324)**
	Transfers (to)/from reserves	(35)
(3,894)	**(Increase) or decrease in year on the HRA (MIRS)**	**(4,359)**
(11,360)	**Balance on the HRA at the end of the current year**	**(15,719)**

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 2023/24		Total 2024/25
	Flats	
886	- low rise (up to 2 storeys)	873
1,889	- medium rise (3-5 storeys)	1,871
474	- high rise (6+ storeys)	457
3,249	**Total Flats**	**3,201**
1,215	Houses and Bungalows	1,199
112	Equivalent number of dwellings for multi-occupied premises (hostels)	112
40	Shared Ownership	39
4	Shared Equity	4
4,620	**Total Stock**	**4,555**

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 2024		At 31 March 2025
£'000		**£'000**
	Operational Assets:	
390,349	Council Dwellings	405,235
11,221	Other Land and Buildings	16,675
600	Investment Properties	865
402,170	**Total**	**422,775**
1,561,396	Vacant possession value of dwellings within the authority's HRA as at 31 March in the financial year	1,620,940

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.

2023/24		2024/25
£'000		**£'000**
(8,939)	Balance brought forward	(6,570)
	Transactions with HRA Income & Expenditure Statement	
(5,760)	Contribution to Major Repairs Reserve	(5,608)
	Adjustments between accounting and funding basis	
8,128	Capital expenditure charged against HRA balances	11,941
(6,571)	**Balance carried forward at 31 March**	**(237)**

HRA 4. Capital Expenditure Financing

Capital expenditure amounted to £39.900m (£56.180m in 2023/24). The following summary shows how this was funded:

2023/24		2024/25
£'000		**£'000**
56,180	**HRA Capital Expenditure**	**39,890**
	Financed by:	
(28,278)	Borrowing	(16,986)
(17,192)	Government Grants	(7,320)
(2,221)	Capital Receipts Reserve	(3,387)
(361)	Revenue Contributions	(256)
(8,128)	Major Repairs Reserve	(11,941)
(56,180)	**Total financing**	**(39,890)**

HRA 5. Capital Receipts

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

2023/24		2024/25
£’000		**£’000**
(18,229)	Balance brought forward	**(20,266)**
	Transactions with Comprehensive Income & Expenditure Statement	
	Adjustments between Accounting Basis and Funding Basis	
(4,258)	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(5,442)
	Transfer from Deferred Capital Receipts Reserve upon receipt of cash	
	Refund of Retained one for one replacement receipts & interest	
2,221	Use of capital receipts to finance capital expenditure	3,387
	Contribution towards administrative cost of non-current asset disposals	
	Financing of payment to Government Capital Receipts Pool	752
(20,266)	**Total**	**(21,569)**

HRA 6. Depreciation

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

2023/24	Depreciation	2024/25
£'000		**£'000**
5,571	Council Dwellings	5,239
189	Other Land and Buildings	369
-	Vehicles, plant, furniture and equipment	-
5,760	**Total**	**5,608**

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).

2023/24	Tenant Rent and Service Charge Arrears	2024/25
£'000		**£'000**
5,161	Gross rent arrears	3,152
(3,020)	Provision for bad & doubtful debts	(3,222)
2,141	**Total**	**(70)**

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.

2023/24		2024/25
£'000		**£'000**
	Transactions with Comprehensive Income & Expenditure Statement Adjustments between Accounting Basis and Funding Basis	
(685)	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 10)	(633)
851	Employers' pensions contributions and direct payments to pensioners payable in the year	563
166		**(70)**
	Other income & expenditure	
(25)	Pensions interest cost and expected return on pension assets	(25)
141		**(95)**

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.

A short-term provision of £0.606m has been recognised in relation to a potential contractual obligation linked to the suspension of services by a third-party provider. The organisation has taken appropriate commercial action in response to increased costs incurred following the provider's cessation of operations.

A short term provision of £0.206m has been made in regards to an unresolved qualifying change in law that affects the Council's Residual Waste Treatment contract.

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.

Collection Fund Income and Expenditure Account 2024/25

		2023/24		Note			2024/25
Business Rates	Council Tax	Total			Business Rates	Council Tax	Total
£'000	£'000	£'000			£'000	£'000	£'000
			Income				
-	(147,030)	(147,030)	Council Tax collectable		-	(158,177)	(158,177)
(67,411)	-	(67,411)	Business Rates collectable		(77,591)	-	(77,591)
(2,148)	-	(2,148)	Business Rates Supplement collectable		(2,129)	-	(2,129)
(69,559)	**(147,030)**	**(216,589)**			**(79,720)**	**(158,177)**	**(237,897)**
			Expenditure				
			Precepts & Demands	CF3& 4			
23,008	-	23,008	Central Government		24,298	-	24,298
25,797	28,032	53,829	Greater London Authority		27,243	30,877	58,120
20,916	117,093	138,009	Royal Borough of Kingston		22,089	124,710	146,799
			Interest charged to the collection fund		129		129
217	-	217	Costs of Collection		216	-	216
69,938	**145,125**	**215,063**			**73,975**	**155,587**	**229,562**
			Business Rate Supplement				
2,142	-	2,142	Payment to levying authority		2,123	-	2,123
6	-	6	Administrative costs		6	-	6
2,148	**-**	**2,148**			**2,129**	**-**	**2,129**

Collection Fund Income and Expenditure Account 2024/25 (continued)

		2023/24		Note			2024/25
Business Rates	Council Tax	Total			Business Rates	Council Tax	Total
£'000	£'000	£'000			£'000	£'000	£'000
			Impairment of Debts/Appeals				
-		-	Write-offs of uncollectible amounts		-		-
(1,691)		(1,691)	Appeals provision		1,380		1,380
(2,874)		(2,874)	Refunds to successful Appeals		(2,165)		(2,165)
(5,010)	(74)	(5,084)	Transitional Relief		(1,281)		(1,281)
760	(1,584)	(824)	Allowance for impairment		876	1,315	2,191
(8,815)	**(1,658)**	**(10,473)**			**(1,190)**	**1,315**	**125**
			Contributions towards previous year's estimated Collection Fund Surplus				
(1,154)	(514)	(1,668)	Royal Borough of Kingston		232	3,124	3,356
(1,423)	(99)	(1,522)	Greater London Authority		287	748	1,035
(1,269)	-	(1,269)	Central Government		256	-	256
(3,846)	**(613)**	**(4,459)**			**775**	**3,872**	**4,647**
(10,134)	**(4,176)**	**(14,310)**	**Movement on Fund Balance**	**CF5**	**(4,031)**	**2,597**	**(1,434)**

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 2024/25 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	687	370	6/9	247
£40,001 - £52,000	B	3,465	2,069	7/9	1,609
£52,001 - £68,000	C	15,766	11,350	8/9	10,089
£68,001 - £88,000	D	20,872	17,619	9/9	17,619
£88,001 - £120,000	E	14,996	13,408	11/9	16,388
£120,001 - £160,000	F	8,710	7,883	13/9	11,387
£160,001 - £320,000	G	4,425	4,153	15/9	6,922
£320,001 or more	H	1,063	1,024	18/9	2,048
		69,984	57,876		66,309
Estimated collection rate for 2024/25	98.5%				65,311
Contributions in lieu (MoD properties)					189
Tax Base for 2024/25					**65,500**

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

2023/24		2024/25
£'000		£'000
205,676	Total non-domestic rateable value at year end	204,756
pence per £		pence per £
51.2	Standard non-domestic multiplier	54.6
49.9	Small business non-domestic multiplier	49.9

Under the business rates retention scheme, local authorities retain a proportion of the total collectable rates due with the rest distributed to preceptors as follows.

2023/24		2024/25
%		%
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 increase in provision charged to the collection fund in 2024/25 was £1.380m (a decrease of £1.691m was credited to the collection fund in 2023/24) with RBK's share totalling £0.414m (£0.507m in 2023/24).

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 2023/24	NNDR 2023/24	Total 2023/24		CTax 2024/25	NNDR 2024/25	Total 2024/25
£'000	£'000	£'000		£'000	£'000	£'000
(1,333)	9,064	7,731	Balance brought forward	(5,509)	(1,070)	(6,579)
(4,176)	(10,134)	(14,310)	Movement in year	2,597	(4,031)	(1,434)
(5,509)	**(1,070)**	**(6,579)**	**Balance carried forward**	**(2,912)**	**(5,101)**	**(8,013)**
			Split by preceptor:			
(4,441)	(321)	(4,762)	Kingston Upon Thames	(2,332)	(1,530)	(3,862)
(1,068)	(396)	(1,464)	Greater London Authority	(580)	(1,888)	(2,468)
	(353)	(353)	Government		(1,683)	(1,683)
(5,509)	**(1,070)**	**(6,579)**	**Balance carried forward**	**(2,912)**	**(5,101)**	**(8,013)**

7. Group Accounts

Group Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2025

Gross Expenditure 2023/24	Gross Income 2023/24	Net Expenditure 2023/24		Notes	Gross Expenditure 2024/25	Gross Income 2024/25	Net Expenditure 2024/25
£'000	**£'000**	**£'000**			**£'000**	**£'000**	**£'000**
94,257	(37,571)	56,686	Adult Social Care		107,272	(38,845)	68,427
5,134	(267)	4,867	Chief Executive's		5,409	(295)	5,114
50,423	(25,090)	25,333	Corporate Services		26,285	(26,539)	(254)
168,074	(124,870)	43,204	Children's Services		197,380	(132,023)	65,357
45,861	(46,939)	(1,078)	Central Items		47,567	(48,554)	(987)
64,536	(46,100)	18,436	Place		73,183	(45,458)	27,725
32,882	(9,581)	23,301	Residents and Communities		40,189	(11,039)	29,150
55,021	(33,574)	21,447	Housing Revenue Account		56,396	(36,311)	20,085
516,188	**(323,992)**	**192,196**	**Cost of Services**		**553,681**	**(339,064)**	**214,617**

Group Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2025 (continued)

Gross Expenditure 2023/24 £000	Gross Income 2023/24 £000	Net Expenditure 2023/24 £000		Notes	Gross Expenditure 2024/25 £000	Gross Income 2024/25 £000	Net Expenditure 2024/25 £000
(346)	-	(346)	Other operating expenditure	6	17,971	-	17,971
23,307	(20,335)	2,972	Financing and investment income and expenditure	7	(890)	(12,094)	(12,984)
	(193,977)	(193,977)	Taxation and non-specific grant income	8		(180,821)	(180,821)
539,149	**(539,236)**	**845**	**(Surplus) or deficit on the provision of services**		**570,762**	**(531,979)**	**38,783**
		(1,368)	(Surplus) or deficit on interests in subsidiaries, associates and/or joint ventures				(753)
		(523)	**Group (surplus) or deficit**				**38,030**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		50,550	Surplus or deficit on revaluation of non-current assets	13a			(48,582)
		(46,757)	Actuarial gains or losses on pension assets and liabilities	31			86,685
		2,726	Interests in subsidiaries, associates and/or joint ventures other comprehensive income and expenditure				282
		6,519					**38,385**
			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				
		6,519	**Other comprehensive income and expenditure**				**38,385**
		5,996	**Total comprehensive income and expenditure (surplus)/deficit**				**76,415**

The accompanying notes form part of these financial statements.

Group Movement in Reserves Statement

2024/25	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 2024	598	(51,743)	(51,145)	(44,891)	(43,454)	(8,578)	(19,229)	**(167,297)**	**(822,818)**	**(990,115)**	3,891	116	(986,108)
Movement during 2024/25													
Total Comprehensive Expenditure and Income	17,500	-	17,500	21,283	-	-	-	**38,783**	38,103	**76,886**	**86**	**(557)**	**76,415**
Adjustments between accounting basis and funding basis under regulations (Note 10)	(13,188)	-	(13,188)	(25,607)	10,737	6,333	589	**(21,136)**	**21,136**	**-**			-
Net Increase/(Decrease) before transfers to Earmarked Reserves	**4,312**	**-**	**4,312**	**(4,324)**	**10,737**	**6,333**	**589**	**17,647**	**59,239**	**76,886**	86	(557)	76,415
Transfers to / (from) Earmarked Reserves	(4,312)	4,347	35	(35)	-	-	-	**-**		**-**			-
Increase / (Decrease) in Year	-	4,347	**4,347**	**(4,359)**	**10,737**	**6,333**	**589**	**17,647**	**59,239**	**76,886**	**86**	**(557)**	**76,415**
Balance at 31 March 2025	**598**	**(47,396)**	**(46,798)**	**(49,250)**	**(32,717)**	**(2,245)**	**(18,640)**	**(149,650)**	**(763,579)**	**(913,229)**	**3,977**	**(441)**	**(909,693)**

Group Movement in Reserves Statement (continued)

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	598	(55,425)	(54,827)	(40,997)	(37,957)	(10,946)	(18,724)	**(163,451)**	**(831,302)**	**(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	**598**	**(51,743)**	**(51,145)**	**(44,891)**	**(43,454)**	**(8,578)**	**(19,229)**	**(167,297)**	**(822,818)**	**(990,115)**	**3,891**	**116**	**(986,108)**

Group Balance Sheet

31 March 2024		Notes	31 March 2025
£'000			**£'000**
	Long Term Assets		
1,087,129	Property, plant and equipment	13a	1,118,950
1,209	Heritage assets	13b	1,209
57,236	Investment property	14	70,983
4,524	Intangible assets	13c	8,162
1,021	Long term investments	17	1,009
45,280	Long term debtors	17	63,222
71,974	Net Asset Related to Defined Benefit Pension Scheme	31	-
-	Asset held for sale	15	-
1,268,373	**Total Long Term Assets**		**1,263,535**
	Current assets		
7,362	Asset held for sale	15	13,644
71,318	Short term investments	17	-
20,249	Inventories		18,940
84,551	Short term debtors	18	83,958
2,464	Cash and cash equivalents	20	52,575
185,944	**Total Current Assets**		**169,117**

Group Balance Sheet (continued)

31 March 2024		Notes	31 March 2025
£'000			**£'000**
	Current Liabilities		
(19,873)	Short term borrowing	17	(51,374)
(80,452)	Short term creditors	19a	(89,038)
(3,431)	Provisions	21	(3,958)
(71,009)	Grants receipts in advance	19b	(70,979)
(174,765)	**Total Current Liabilities**		**(215,349)**
	Long Term Liabilities		
-	Long term creditors		(655)
(276,997)	Long term borrowing	17	(275,754)
(10,854)	Other long term liabilities		(25,580)
(1,586)	Provisions	21	(1,450)
	Long term grants receipts in advance		(635)
(5,364)	RBK share of interests in subsidiaries, associates and/or joint ventures		(3,536)
(294,801)	**Total Long Term Liabilities**		**(307,610)**
984,751	**Net Assets**		**909,693**
	Reserves		
(163,547)	Usable reserves		(145,900)
(826,568)	Unusable reserves	12	(767,329)
5,364	RBK share of interests in subsidiaries, associates and/or joint ventures		3,536
(984,751)	**Total Reserves**		**(909,693)**

The accompanying notes form part of these financial statements.

Group Cash Flow Statement

2023/24			2024/25
£000		Notes	**£000**
(523)	Net (surplus) or deficit on the provision of services		38,030
1,368	Adjustment to the net surplus or deficit on the provision of services for non-cash movements		(91,730)
-	Adjustment for items in the net surplus or deficit on the provision of services that are investing or financing activities		39,326
845	**Net cash flows from operating activities**		**(14,374)**
-	**Net cash flows from investing activities**	23	(7,403)
-	**Net cash flows from financing activities**	24	(28,334)
845	**Net increase/(decrease) in cash and cash equivalents**		**(50,111)**
	Represented by:		
2,464	Cash and cash equivalents at the beginning of the reporting period	20	2,464
(845)	Net increase/(decrease) in cash and cash equivalents	20	50,111
1,619	**Cash and cash equivalents at the end of the reporting period**		**52,575**

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 were originally 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 to to commission AfC for a further 5 years to 31 March 2031. Windsor and Maidenhead agreed to an extension for 5 years to August 2029.

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 2025, RBK's loan to CRE LLP stood at £15.568m (23/24 £2.661m)

G2. Group external audit costs

The Council's share in respect of audit fees payable to Crowe LLP amounts to £35.2k. 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 2025	Approx % increase to employer liability	Approx monetary increase
	%	£'000
0.1% decrease in real discount rate	10	7,486
0.1% increase in the salary rate	0	570
0.1% increase in the pension increase rate	10	7,052

G4. Group cash flows from operating activities

2023/24		2024/25
£'000		**£'000**
(12,926)	Interest received	(12,967)
9,727	Interest paid	9,061
(3,199)	**Total**	**(3,906)**
	Adjust net surplus or deficit on the provision of services for non-cash movements	
(28,824)	Depreciation	(38,337)
(28,818)	Impairment and downward revaluations	(24,246)
(2,590)	Amortisation	(2,121)
-	Increase / (decrease) in impairment for bad debts	-
(5,386)	Increase / (decrease) in creditors	(2,697)
22,754	(Increase) / decrease in debtors	(3,245)
77	(Increase) / decrease in inventories	(8)
3,583	Movement in Pension Liability	977
(33,776)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(30,911)
	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	
1,483	Provisions	391
(12,711)	Movement in the value of investment properties	(8,132)
(546)	Movement in value of carrying value of loans	(1,223)
(13)	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	17,069
1,368	Surplus or deficit interests in subsidiaries, associates and/or joint ventures based on Equity share	753
(83,399)	**Total non-cash adjustments**	**(91,730)**
87	Proceeds from the disposal of short-term and long-term investments	
44,313	Capital Grants credited to surplus or deficit on the provision of services	14,297
42,396	Proceeds from the sale of property plant and equipment, investment property and intangible assets	25,029
86,796	**Total adjustments for investing or financing activities**	**39,326**

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 2025

2023/24			2024/25
£'000		**Note**	**£'000**
	Dealings with members, employers and others directly involved in the Fund		
(44,500)	Contributions	7	(43,155)
(9,995)	Transfers in from other pensions funds	8	(16,620)
(54,495)			**(59,775)**
38,619	Benefits	9	44,139
4,475	Payments to and on account of leavers	10	16,157
43,094			**60,296**
(11,401)	**Net (additions) / withdrawals from dealings with members**		**521**
7,348	Management expenses	11	7,362
(4,053)	**Net (additions)/withdrawals including fund management expenses**		**7,883**
	Returns on Investments		
(20,517)	Investment income	12	(22,423)
54	Taxes on income	13	51
(132,726)	(Profit) loss on disposal of investments and changes in the market value of investments	16b	(29,394)
(153,189)	**Net Return on Investments**		**(51,766)**
(157,242)	**Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year**		(43,883)
(1,093,093)	Opening Net Assets of the Scheme		**(1,250,335)**
(1,250,335)	Closing Net Assets of the Scheme		**(1,294,218)**

The accompanying notes form part of the financial statements.

Net Assets Statement for the year as at 31 March 2025

2023/24		Note	2024/25
£'000			**£'000**
150	Long-term assets		150
1,226,734	Investment assets	14	1,292,653
(4,127)	Investment liabilities	14	(1,115)
1,222,757	**Total Net Investments**		**1,291,688**
29,515	Current assets	20	4,002
(1,937)	Current liabilities	21	(1,472)
1,250,335	**Net Assets of the Fund available to fund benefits at the end of the reporting period**		**1,294,218**

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 2025 included the Administering Authority and local education authority (LEA) schools. Other participating organisations were as follows:

Scheduled bodies	**Scheduled bodies (cont.)**	**Admission bodies**
Bedelsford School	Richard Challoner School	Achieving for Children pool:
Castle Hill Primary School	Southborough High School	• *Achieving for Children*
Chessington School	Christ the Redeemer Catholic Education Trust pool:	• *Achieving for Children (Windsor and Maidenhead)*
Coombe Academy Trust pool:	• St Agatha's Catholic Primary School	Balance Support CIC
• *Coombe Boys' School*	• St Joseph's Catholic Primary School	Culinera (Fern Hill Primary School)
• *Coombe Girls' School*	St Philip's School	DB Services (Tiffin School)
• *Green Lane Primary and Nursery School*	The Hollyfield School and Sixth Form Centre	Gold Care Homes (2025)
• *Knollmead Primary School*	The Holy Cross School	Innovate Services (Southborough High School)
• *Robin Hood Primary and Nursery School*	The Kingston Academy	London Grid for Learning
Dysart School	The Spring School	PS Catering Management (Latchmere Academy)
Fern Hill Primary School	The Tiffin Girls' School	YBC Cleaning Services (Housing)

Scheduled bodies	Scheduled bodies (cont.)	Admission bodies
Kingston University	Tiffin School	Your Healthcare CIC
Latchmere School	Tolworth Girls' School and Sixth Form	
Our Lady Immaculate Catholic Primary School		

PF Note 1 - Description of the Fund (continued)

The following table summarises the membership numbers of the scheme:

2023/24		2024/25
No.		No.
37	Number of Employers with active members	37
	Active Members	
2,632	Royal Borough of Kingston upon-Thames	2,292
2,354	Scheduled bodies	2,250
930	Admitted bodies	957
5,916		5,499
	Deferred Members	
4,807	Royal Borough of Kingston upon-Thames	4,904
3,033	Scheduled bodies	3,097
580	Admitted bodies	656
8,420		8,657
	Pensioner Members	
3,988	Royal Borough of Kingston upon-Thames	4,059
1,171	Scheduled bodies	1,261
207	Admitted bodies	243
5,366	-	5,563
19,702	**Total**	**19,719**

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 (CPI).

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 2025. 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 2024 were set by the triennial valuation as at 31 March 2022, the results of which were published on 30 March 2023. In 2024/25, 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 2024/25 financial year and its position as at 31 March 2025. The Accounts have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2024/25' (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector. 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 2025 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 contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events.

Contingent 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 2024/25.

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:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Actuarial present value of promised retirement benefits	The calculation of a Local Government Pension Scheme (LGPS) Fund's liabilities is heavily reliant on a range of long-term financial and demographic assumptions. Should these assumptions prove inaccurate, the Fund's reported financial position and, consequently, its funding strategy could be materially affected. These assumptions include the discount rate, future inflation rates (both general and for pension increases), salary growth, and member longevity. Each of these factors plays a crucial role in estimating the present value of future pension payments. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	If the actual long-term investment returns are lower than the assumed discount rate (i.e., the discount rate was set too high), the Fund's liabilities will have been underestimated. This means the Fund would have insufficient assets to meet its future obligations, potentially leading to a higher deficit and requiring increased employer contributions in the future. Conversely, if the discount rate was set too low, liabilities would be overstated, which could mean current contribution rates are higher than strictly necessary. Similarly, underestimating longevity or future salary and pension increases would also lead to an understatement of liabilities, while overestimation would have the opposite effect. 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 £16m in the Fund's pension liability; a one year increase in member life expectancy would increase the liability by approximately £37m; a 0.1% increase in the Pension Increase Rate (CPI) would increase the liability by approximately £16m and a 0.1% increase in the salary rate would increase the liability by approximately £1m.

Legal and regulatory uncertainty	Beyond the core actuarial assumptions, the financial position of an LGPS Fund can also be significantly impacted by uncertainties surrounding legal judgments and evolving regulatory landscapes. The Fund may need to make provisions or assumptions about the potential outcomes of ongoing legal cases (such as McCloud or Goodwin) or anticipated changes in pension legislation and guidance. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	If a legal judgment results in a requirement to provide additional benefits or recalculate past service costs more extensively than initially assumed, the Fund's liabilities could see a substantial increase. This would place unexpected strain on the Fund's assets and potentially necessitate higher employer contribution rates to address the recognised shortfall. Conversely, if a feared regulatory change with a negative financial impact does not materialize, or its effect is less severe than anticipated, liabilities might have been overstated. While this scenario is less detrimental, it could mean that past funding decisions were overly cautious.
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 £211.2m, and the variation around this value is estimated to be +/- 10%, which equates to +/- £21.1m.

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

2023/24		2024/25
£'000		£'000
(10,467)	**Employees' contributions**	(10,803)
	Employers' contributions	
(28,768)	Normal Contributions	(30,309)
(4,969)	Deficit Recovery Contributions	(1,244)
(296)	Augmentation Contributions	(799)
(44,500)		**(43,155)**

By authority

2023/24		2024/25
£'000		£'000
(20,142)	Royal Borough of Kingston Upon Thames	(18,620)
(16,614)	Scheduled bodies	(16,768)
(7,744)	Admitted bodies	(7,767)
(44,500)		**(43,155)**

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:

2023/24		2024/25
£'000		**£'000**
(9,995)	Individual transfers	(16,620)
-	Group transfers	
(9,995)		**(16,620)**

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

2023/24		2024/25
£'000		**£'000**
33,871	Pensions	36,770
3,799	Commutation and Lump sum retirement benefits	6,239
949	Lump sum death benefits	1,130
38,619		**44,139**

By authority

2023/24		2024/25
£'000		**£'000**
27,125	Royal Borough of Kingston Upon Thames	29,568
9,522	Scheduled bodies	11,750
1,972	Admitted bodies	2,821
38,619		**44,139**

PF Note 10 - Payments to and on account of leavers

2023/24		2024/25
£'000		**£'000**
178	Refunds to members leaving service	176
4,297	Individual transfers	15,981
4,475		**16,157**

PF Note 11 - Management expenses

2023/24		2024/25
£'000		**£'000**
1,315	Administration Expenses	1,065
5,822	Investment Management Expenses	6,057
211	Oversight and Governance	240
7,348		**7,362**

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.

2023/24		2024/25
£'000		**£'000**
4,212	Management Fees	5,371
(67)	Performance Fees	-
47	Custody Fees	59
1,630	Transaction Costs	627
5,822		**6,057**

PF Note 11b - External audit costs

2023/24		2024/25
£'000		**£'000**
	Financial Assets	
65	External Audit Costs	110
65		**110**

PF Note 12 - Investment income

2023/24		2024/25
£'000		£'000
(3,130)	Equity Dividends	(3,439)
	Pooled Investments:	
(5,040)	- Fixed Income	(6,458)
(1,533)	- Property	(1,557)
(7,777)	- Credit	(8,575)
(1,024)	- Diversified Growth Funds	(816)
-	- Private Debt	-
(2,013)	Interest on Cash Deposits	(1,578)
(20,517)		**(22,423)**

PF Note 13 - Taxes on income

2023/24		2024/25
£'000		£'000
54	Withholding tax - equities	51
54		**51**

PF Note 14 - Investments

2023/24		2024/25
£'000		**£'000**
	Investment assets	
202,319	Equities	181,207
	Pooled Investments	
418,655	Equities	370,942
211,053	Fixed Income	285,987
74,968	Property	99,490
114,995	Credit	148,970
67,853	Diversified Growth Funds	70,297
42,970	Private Debt	46,083
50,077	Infrastructure	65,659
980,571		**1,087,428**
	Other Investment Balances	
39,315	Cash deposits	21,753
1,379	Accrued income and recoverable taxes	1,426
3,150	Amounts receivable for sales of investments	839
1,226,734	**Total Investment assets**	**1,292,653**

£'000	**Investment liabilities**	**£'000**
(4,127)	Amounts payable for purchases of investments	(1,115)
1,222,607	**Total Net Investments**	**1,291,538**

PF Note 14a - Analysis of Pooled Investment Vehicles

2024/25	ACS	FCP-FIS Mutual Fund	Unit trusts	Unitised insurance policies	OEIC	SICAV	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
- Equities				350,093	20,849		370,942
- Fixed Income	146,211			64,358		75,418	285,987
- Property		25,713	73,777				99,490
- Credit	148,970						148,970
- Diversified Growth Funds	70,297						70,297
- Private Debt			46,083				46,083
- Infrastructure			65,659				65,659
	365,478	**25,713**	**185,519**	**414,451**	**20,849**	**75,418**	**1,087,428**

ACS - 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.
Unit trust - an open-ended investment, where an unlimited number of investors can invest their money into a single fund, that's managed by a dedicated fund manager.
Unitised insurance policies - open-ended investments made available through life assurance companies.
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.

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 - 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.
Unit trust - an open-ended investment, where an unlimited number of investors can invest their money into a single fund, that's managed by a dedicated fund manager.
Unitised insurance policies - open-ended investments made available through life assurance companies.
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

2024/25	Value 31 March 2024	Purchases at Cost	Sales Proceeds	Change in Market Value	Value 31 March 2025
	£'000	£'000	£'000	£'000	£'000
Equities	202,319	162,089	(187,466)	4,265	181,207
Pooled Investment Vehicles:				-	
- Equities	418,655	784	(62,853)	14,356	370,942
- Fixed Income	211,053	71,458	(248)	3,724	285,987
- Property	74,968	22,332	(1,632)	3,822	99,490
- Credit	114,995	33,537	(464)	902	148,970
- Diversified Growth Funds	67,853	816	(539)	2,167	70,297
- Private Debt	42,970	-	(315)	3,428	46,083
- Infrastructure	50,077	19,603	(751)	(3,270)	65,659
Sub-total Investments	**1,182,890**	**310,619**	**(254,268)**	**29,394**	**1,268,635**
Other Investment Balances:					
Cash deposits*	39,315				21,753
Amounts Receivable for Sales	3,150				839
Accrued income and recoverable taxes	1,379				1,426
Amount payable for Purchases	(4,127)				(1,115)
Net Investment Assets	**1,222,607**	**310,619**	**(254,268)**	**29,394**	**1,291,538**

*Excludes cash held by Diversified Growth Funds

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

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**	**1,182,890**
Other Investment Balances:					
Cash deposits*	3,917				39,315
Amounts receivable for sales	-				3,150
Accrued income and recoverable taxes	902				1,379
Amounts 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 14c - Investments analysed by fund manager

The market value of the investment assets under the management of each fund manager as at 31 March 2025 is shown below.

31 March 2024			31 March 2025	
Market Value	**% of total**	**Fund Manager**	**Market Value**	**% of total**
£'000	**%**		**£'000**	**%**
		Investments pooled or deemed pooled with London Collective Investment Vehicle		
67,853	5.5%	LCIV Absolute Return Fund (Ruffer)	70,297	5.4%
42,970	3.5%	LCIV Private Debt (Pemberton & Churchill)	46,083	3.6%
138,480	11.3%	LCIV Global Bond Fund (PIMCO)	146,211	11.3%
114,995	9.4%	LCIV Multi Asset Credit Fund (CQS & PIMCO)	148,970	11.5%
50,077	4.1%	LCIV Renewable Infrastructure Fund	65,659	5.1%
9,954	0.8%	LCIV London Fund	12,248	0.9%
150	0.0%	LCIV Housing Fund	19,418	1.5%
192,986	15.8%	Legal & General - Future World Global Equity Fund	173,614	13.4%
-	0.0%	Legal & General - Index Linked Fund	64,358	5.0%
617,465	50.5%	Sub total	746,858	57.8%
		Investments managed outside of London Collective Investment Vehicle		
40,049	3.3%	UBS Global Asset Management	42,300	3.3%
229,024	18.7%	Fidelity Pensions Management	206,841	16.0%
203,400	16.6%	Columbia Threadneedle Investments - Global Equity Fund	176,479	13.7%
25,323	2.1%	M&G Investments	25,880	2.0%
72,573	5.9%	Janus Henderson Investors - Total Return Bond Fund	75,418	5.8%
34,773	2.9%	Federated Hermes Money Market Fund and Lloyds Notice Account	17,762	1.4%
605,142	49.5%	Sub total	544,680	42.2%
1,222,607	**100.0%**	**Total**	**1,291,538**	**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 - equities	Level 1	Recognised at market value	Not required	Not required
Market quoted investments - pooled equities and bonds	Level 1	Published bid market price on final day of the accounting period	Not required	Not required
Pooled investments - equities and bonds	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 property investments where regular trading does not take place	Level 3	Fair value as determined by independent valuers	NAV based pricing set on a forward pricing basis. Unobservable inputs include rental income and gross yield	Valuations of underlying properties could be affected by a range of variables, including changes to estimated rental growth, vacancy levels and construction costs
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
Pooled private debt investments	Level 3	Valued by underlying investment managers	NAV based pricing with many unobservable inputs	Valuations could be affected by a range of variables, such as the quality of underlying collateral, or varying liquidity

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

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2025 and 31 March 2024.

	Potential variation in fair value	Value at 31 March 2025	Potential Value on Increase	Potential Value on Decrease
Property	+/- 10%	99,490	109,439	89,541
Private Debt	+/- 10%	46,083	50,692	41,475
Infrastructure	+/- 10%	65,659	72,224	59,092
Total		**211,232**	**232,355**	**190,108**

	Potential variation in fair value	Value at 31 March 2024	Potential Value on Increase	Potential Value on Decrease
Property	+/- 10%	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**

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 15a - Fair value hierarchy

			31 March 2024					31 March 2025
Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs	Total		Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs	Total
Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
£'000	**£'000**	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	**£'000**
202,319			202,319	Equities	181,207			181,207
				Pooled Investment Vehicles:				
	418,655		418,655	Equities		370,942		370,942
	211,053		211,053	Fixed Income		285,987		285,987
		74,968	74,968	Property			99,490	99,490
	114,995		114,995	Credit		148,970		148,970
	67,853		67,853	Diversified Growth Funds		70,297		70,297
		42,970	42,970	Private Debt			46,083	46,083
		50,077	50,077	Infrastructure			65,659	65,659
				Other Investment Balances:				
39,315			39,315	Cash Deposits	21,753			21,753
1,379			1,379	Accrued income and recoverable taxes	1,426			1,426
3,150			3,150	Amounts receivable for sales	839			839
(4,127)			(4,127)	Amounts payable for purchases	(1,115)			(1,115)
242,036	**812,556**	**168,015**	**1,222,607**	**Financial Assets at fair value through profit and loss**	**204,110**	**876,196**	**211,232**	**1,291,538**

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

	Value 31 March 2024	Transfers into Level 3	Transfers out of Level 3	Purchases at Cost	Sales Proceeds	Change in Market Value	Value 31 March 2025
	£'000			£'000	£'000	£'000	£'000
Pooled Investment Vehicles:							
- Property	74,968	-	-	22,332	(1,632)	3,822	99,490
- Private Debt	42,970	-	-	-	(315)	3,428	46,083
- Infrastructure	50,077	-	-	19,603	(751)	(3,270)	65,659
Total	**168,015**	**-**	**-**	**41,935**	**(2,698)**	**3,980**	**211,232**

	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**

PF Note 16a - Classification of financial instruments

2023/24 Fair value through profit and loss	2023/24 Financial assets at amortised cost	2023/24 Financial liabilities at amortised cost		2024/25 Fair value through profit and loss	2024/25 Financial assets at amortised cost	2024/25 Financial liabilities at amortised cost
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
			Financial Assets			
202,319			Equities	181,207		
			Pooled Investments:			
418,655			Equities	370,942		
211,053			Fixed Income	285,987		
74,968			Property	99,490		
114,995			Credit	148,970		
67,853			Diversified Growth Fund	70,297		
42,970			Private Debt	46,083		
50,077			Infrastructure	65,659		
39,717			Other	22,903		
	25,743		Cash deposits		425	
	3,772		Sundry debtors		3,577	
1,222,607	**29,515**	**-**		**1,291,538**	**4,002**	**-**
			Long Term Assets			
	150		London CIV share capital		150	
1,222,607	**29,665**	**-**		**1,291,538**	**4,152**	**-**
			Financial Liabilities			
		(1,937)	Creditors			(1,472)
-	**-**	**(1,937)**		**-**	**-**	**(1,472)**
1,222,607	**29,665**	**(1,937)**	**Total**	**1,291,538**	**4,152**	**(1,472)**

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

2023/24		2024/25
£'000		**£'000**
	Financial Assets	
132,726	Designated at fair value through profit and loss	29,394
-	Financial assets at amortised cost	-
132,726		**29,394**

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 the following:

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

- 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.

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.

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

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 31/03/2024	Change +/-	Value on increase	Value on decrease	Asset Type	Value as at 31/03/2025	Change +/-	Value on increase	Value on decrease
£'000	**%**	**£'000**	**£'000**		**£'000**	**%**	**£'000**	**£'000**
620,975	18.4	735,234	506,716	Equities	552,149	18.7	655,401	448,897
72,573	3.3	74,968	70,178	Fixed income - Absolute Return Bonds	75,418	3.0	77,681	73,155
138,479	7.4	148,726	128,232	Fixed Income - Corporate Bonds	146,211	7.1	156,592	135,830
-	10.1	-	-	Fixed Income - Index Linked Gilts	64,358	10.2	70,923	57,793
74,968	14.8	86,063	63,873	Property	99,490	12.1	111,528	87,452
114,995	10.9	127,529	102,461	Credit	148,970	9.4	162,973	134,967
67,853	10.6	75,045	60,661	Diversified Growth Fund	70,297	10.0	77,327	63,267
42,970	10.6	47,525	38,415	Private Debt	46,083	10.4	50,876	41,290
50,077	14.4	57,288	42,866	Infrastructure	65,659	10.3	72,422	58,896
39,315	0.0	39,315	39,315	Cash	21,753	0.7	21,905	21,601
402	0.0	402	402	Other	1,150	0.0	1,150	1,150
1,222,607		**1,392,095**	**1,053,119**	**Total**	**1,291,538**		**1,458,778**	**1,124,298**

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 2025	Potential Movement on 1% Change in Interest Rates	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash deposits	21,753	-	21,753	21,753
Fixed income	285,987	13,057	261,925	310,049
Credit	148,970	4,246	144,724	153,216
Total	**456,710**	**17,303**	**428,402**	**485,018**

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**

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 2025 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 31/03/2024	Value on 10% price increase	Value on 10% price decrease	Currency Exposure - Asset Type	Value as at 31/03/2025	Value on 10% price increase	Value on 10% price decrease
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
193,710	213,081	174,339	Overseas Equities	174,526	191,979	157,073
193,710	**213,081**	**174,339**	**Total assets available to pay benefits**	**174,526**	**191,979**	**157,073**

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 2025. 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

Description of Funding Policy

Rates of contributions paid by the participating Employers during 2024/25 were based on the actuarial valuation carried out as at 31 March 2022 by the Fund's actuary, Hymans Robertson. The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated November 2024. In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants;
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term);
- where appropriate, ensure stable employer contribution rates;
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy; and
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. 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.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £1,126 million, were sufficient to meet 111% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £112 million. The following table shows a summary of the results of the 2022 valuation;

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%	111%

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value. The valuation was undertaken using principal assumptions as follows;

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

The full financial assumptions adopted for the 2022 valuation are contained within the 2022 valuation report and Funding Strategy Statement which are available on request from the Administering Authority to the Fund.

PF Note 18 - Funding arrangements (continued)

Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. Asset performance improved in 2024 and early 2025; however the recent increase in US tariffs on imports has caused significant market volatility. The peak of this market volatility was experienced immediately after 31 March 2025, however, generally lower than expected asset returns were experienced in the month immediately prior to this.

High levels of inflation in the UK (compared to recent experience) have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, inflation has reduced towards historical levels and the Bank of England's target (2% pa), with LGPS benefits increasing by 1.7% in April 2025.

There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025, and will be finalised by 31 March 2026. The FSS will also be reviewed at that time, and a revised version will come into effect from 1 April 2026.

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 2024		31 March 2025
£m		**£m**
(1,071)	Actuarial Fair Value of Promised retirement benefits	(925)
1,250	Net Fund Assets available to fund benefits	1,294
179	**Net Asset**	**369**

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:

31 March 2024		31 March 2025
%		**%**
2.8	Pension increase rate (CPI)	2.8
3.3	Salary increase rate	3.3
4.8	Discount rate	5.8

PF Note 20 - Current assets

31 March 2024		31 March 2025
£'000		**£'000**
2,756	Contributions Due	2,449
1,016	Other debtors	1,128
25,743	Cash at Bank	425
29,515	**Total Current Assets**	**4,002**

PF Note 21 - Current liabilities

31 March 2024		31 March 2025
£'000		**£'000**
(110)	Benefits Payable	(25)
(1,827)	Other Creditors	(1,447)
(1,937)	**Total Current Liabilities**	**(1,472)**

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 2024/25 were £124,921 (£100,740 in 2023/24).

Market Value 31 March 2024	Contributions 2023/24		Market Value 31 March 2025	Contributions 2024/25
£'000			**£'000**	
56	-	Utmost Life and Pensions	54	-
812	101	Aviva	878	125
868	**101**		**932**	**125**

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 2024/25 was £1,264,502 (£1,211,576 in 2023/24)

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 £5.196m in employer contributions, deficit and early retirement costs from this body in 2024/25 (£4.749m in 2024/24).

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 2024			**31 March 2025**
£'000			**£'000**
119		Short-term benefits	103
206		Post-employment benefits	131
325			**234**

PF Note 24 - Contingent liabilities and contingent assets

There are no contingent assets or contingent liabilities at 31 March 2025 or 31 March 2024.

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 2025, there was an outstanding contractual commitment to the LCIV Private Debt Fund in the sum of £18.0m (£18.0m in 2023/24), the LCIV Renewable Infrastructure Fund of £49.0m (£68.6m in 2023/24), the LCIV Housing Fund of £25.4m (£44.8 in 2023/24) and the LCIV London Fund of £13.1m (£15.0 in 2023/24).

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.

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 events 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
Employers who are specified in a schedule to the LGPS regulations, including employers like academies and further education establishments. Scheduled bodies must give employees access to the LGPS if they can't accrue benefits in another pension scheme, such as another public service pension scheme.

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 a Fund employer 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 2024/25

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

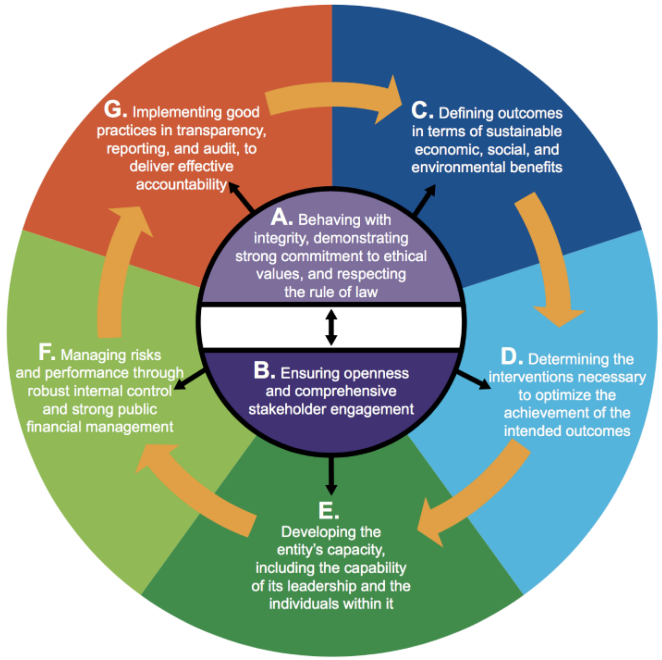
THE COUNCIL'S RESPONSIBILITY

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 to the right, 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 cross-party review is conducted by members annually.

Corporate Performance and Risk Management

Recent enhancements to the Council's performance management arrangements include a new collaboratively developed Performance Management Framework. The terms of reference of the Corporate Performance and Risk board have been updated, focusing more on corporate health performance indicators with in-depth analysis on rotating performance themes and corporate risks. Council Plan indicators are reported quarterly to the Senior Leadership Team. Public reporting of Council Plan performance has been improved, with a new Power BI dashboard scheduled to launch in summer 2025.

The corporate risk register was fully refreshed in 2024 following a workshop with the Strategic Leadership Team. The new register places greater emphasis on strategic risk for the team and the Audit, Governance and Standards committee. Several directorates and services have received training and support to enhance their local risk registers. The Risk Management Framework (approved in 2019) is being updated to reflect changes made to risk management at the Council over the past two years. Directorate risk registers are updated quarterly alongside performance management reporting, with a process for services to escalate operational risks to the Strategic Leadership Team.

The Council's Audit, Governance and Standards Committee provides the core functions 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. An externally conducted effectiveness review is being undertaken and is due for completion Summer 25. The outcome will be reported to the committee.

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, and its findings were implemented in preparation for new procurement regulations that came into force in February 2025. The Council's Contract regulations, the Commissioning and Contract Management toolkit and contract templates were refreshed to align with the new regulatory framework, which supported a smooth and successful transition to the Procurement Act 2023. The procurement team completed the formal training provided by the Government Commercial Function and led on a council wide training programme to support the implementation of the new requirements.

Government Funding

The financial context for the Council has been uncertain for a number of years due to the short term nature of recent spending reviews. The spring 2025 budget provided clarity that the Spending Review in June 2025 would be followed by a period of consultation on the Local Government Funding Reform

(LGFR). This will seek to give greater certainty of funding levels for the three years 2026/27 to 2028/29. However, the expectation is that the overall level of funding, including core grants, will not necessarily see an overall increase in funding nationally. It will be important to understand the expected impact on the council's finances, with an earlier Provisional Local Government Finance Settlement expected in November 2025. Whilst the Council remains in a stable 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. The Cost of Living crisis, the Russia/Ukraine war, conflict in the Middle East as well as the instability caused by US tariffs have all contributed to a more uncertain global economic outlook. The Council is not immune to the effects of the turbulence in the wider economy that has been experienced in recent years, with the impact 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 2023/24 audit in March 2025, with the Council having caught up with outstanding audits on statement of accounts, delivering the 2021/22, 2022/23 and 2023/24 accounts during the 2024/25 financial year, with unqualified opinions in each. The accounts for 2024/25 are on track to be completed prior to the statutory deadline of the 30th June, and pre audit work has been undertaken in preparation.

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 the 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. For Kingston, the People 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 a non-executive independent director 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 Executive Director of Children's Services and 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 2024/25 however a number of areas of focus were identified for the coming year where there is further scope to strengthen controls. These are largely in line with the previous year and include the further development and strengthening of budget management accountability mechanisms to manage budget challenges and savings targets, health and safety assurance, 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. There are significant changes likely to arise over the course of the current financial year and these will be reflected in the next Annual Governance Statement.

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 since to embed strengthened arrangements and keep a continual review of how the organisation is ensuring its governance is robust. A review of the Terms of Reference for the Council’s key Boards was completed during 2024/25 to ensure they are effective and fit for purpose.

Ofsted rated the Council’s children services as Outstanding in December 2024. The CQC has conducted an inspection of the Council’s adult services and the outcome is expected in June 25. The Council is taking part in a Peer Challenge in June 2025 and recommendations arising will be factored in to work in the 2025/26 financial year. An externally facilitated self-assessment in respect of the new Social Housing Regulator Inspection regime has also been undertaken.

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 2024/25 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.

Key elements of the governance framework operating during the year under review (2024/25) 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.	**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, 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.	**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
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	**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.

	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.	**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 Information 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 the capital programme, with delegated authority to approve changes and business cases up to £500k.	**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 Monitoring Officer. SLT has a mix of responsibilities combining directorate and service leadership, member portfolio management, neighbourhood and ward support, corporate core and enabling roles.
Kingston Development and Investment Board	The Board is chaired by the Chief Executive with attendance from the S151 officer, Monitoring Officer and the Executive Director of Place, with responsibility for ensuring delivery, managing risks, governance and financial oversight across the portfolio and decisions. This	**Wider Leadership Team (WLT)**	Comprises the Strategic Leadership Team and Directors, led by the Chief Executive. Responsible for supporting the work of the SLT and ensuring distributed leadership amongst senior officers.

	is supported by a delivery board which ensures a strong PMO approach and corporate oversight.		
Corporate Leadership Group (CLG)	The CLG comprises senior managers (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 Executive Directors, 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, S151 Officer, Executive Director of Children's Services, Executive 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 2024/25 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 Section 151 Officer - 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 2023/24 AGS at its meeting on the 17th July 2024. 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 (2024/25). 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 2024/25 financial year, there are a number that will continue to be monitored and remain high profile in 2025/26.

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 implemented in 2024/25. This has provided significant assurance that the right processes are in place for the organisation. That piece of work has been embedded and a framework for the continuous update and monitoring of policies has been presented to SLT and is considered an example of best practice. The suggested focus for 2025/26 will be the Council's Information Governance policies.

Workforce Planning

Effective workforce planning is critical to the Council's ability to deliver high-quality public services, manage financial pressures, and adapt to changing demands. We are committed to effective governance in ensuring that we have the right people, with the right skills, in the right place, at the right time, to deliver our strategic priorities and statutory obligations.

The Council's workforce planning is integrated within its overall strategic planning and governance framework. The People & OD Strategy (2023/27) continues to be a key driver for culture change, capacity building and performance improvement across the Council. The strategy is 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.

For 2024/25 this has included:

- Internal Comms & Engagement Strategy - Increased manager communications
- Working In Kingston - Hybrid Working
- Embedding Performance Development Review framework
- Review of Employee Voice and implementation of new model
- Implementation of face to face wellbeing offer
- Development of Leadership & Management framework
- Review of L&D offer - training needs analysis
- Resourcing - Define new offer and embedding a Campaigns approach
- Developing early careers and work experience infrastructure
- EDI - Delivery of Quilombo programme, Tackling Racial Inequality, Safe Spaces
- Engagement - Staff Survey

We have improved our ability to gather, analyse, and report on workforce data, providing a more robust evidence base for decision-making. This includes better tracking of turnover rates, sickness absence, demographic trends, recruitment metrics. While progress has been made, the Council recognises that workforce planning is an ongoing process requiring continuous improvement. This will now be managed as business as usual and will no longer form part of 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. Further progress has been made in 2024/25, but further work needs to be carried out. This will include learning from two significant incidents dealt with by the Council during 2024/25. The Council completed its assessment against the Resilience Standards for London with a particular focus on the findings of the Grenfell Fire Phase 2 Report and a full assessment will again take place in 2025/26.

New Governance Issues - Improvement Plan 2025/26

The improvement actions below have been identified as a result of the review carried out. Progress will be followed up during 2025/26 and reported to the Corporate Performance and Risk Board, SLT and the Audit, Governance and Standards Committee.

Issue/Risk	Action
The ongoing need to ensure compliance with the Council's policies and procedures.	A review of the Council's information governance policies will form the focus of this work in 2025/26.
In order to promote the organisation's Stronger Together culture and further embed empowerment and enablement it is necessary to review and update as relevant and appropriate current process and practice and to ensure that the balance of governance and control is in place to provide the most effective and timely delivery of services to residents and communities.	A review of financial and governance processes and practices is being undertaken, led by the Executive Director for Corporate Services. This will include the Financial and Contract Regulations, Procurement and Commissioning practices as well as the Schemes of Delegation. Further work will include a review of the Council's legal services provider, South London Legal Partnership, to ensure the Council is receiving the best value service possible.

CONCLUSION

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.

CERTIFICATE

The 2024/25 Annual Governance Statement is yet to be approved by the Audit, Governance and Standards Committee. The audited version of these accounts will be updated with the signed version of the Annual Governance Statement.

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.

Glossary of Terms (continued)

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.

Glossary of Terms (continued)

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 2024/25

Details will be completed following the completion of the Audit of the Council’s and Pension Fund’s Statements