



Lambeth

2020/21

Statement of Accounts



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The council's Statement of Accounts for the year 2020/21 has been prepared in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) for 2020/21. The code incorporates relevant accounting standards, including International Financial Reporting Standards, International Public Sector Accounting Standards and Generally Accepted Accounting Practice (UK).

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THE NARRATIVE REPORT BY CHRISTINA THOMPSON

CHIEF FINANCE OFFICER



Christina Thompson

Director of Finance and Property and Section 151 Officer

I am pleased to present the council's 2020/21 statement of accounts. These have been prepared for a year that has been like no other in modern memory. The council entered the year whilst in lockdown because of the coronavirus pandemic and closed the year in lockdown.

This foreword provides a guide to the most significant matters reported in the council's accounts. Lambeth's financial statements for 2020/21 have been prepared in accordance with the standard format for local authority accounts as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom, which is in turn based on the International Financial Reporting Standards.

The foreword provides:

- An introduction to Lambeth and the Borough plan
- Overview of the financial context the council operates in and summary of the council's Medium Term Financial Strategy
- Commentary and review of the council's key achievements during 2020/21
- Summary of financial performance for various elements of the council's financial structure
- An overview of performance across the council
- Explanation of the key financial statements

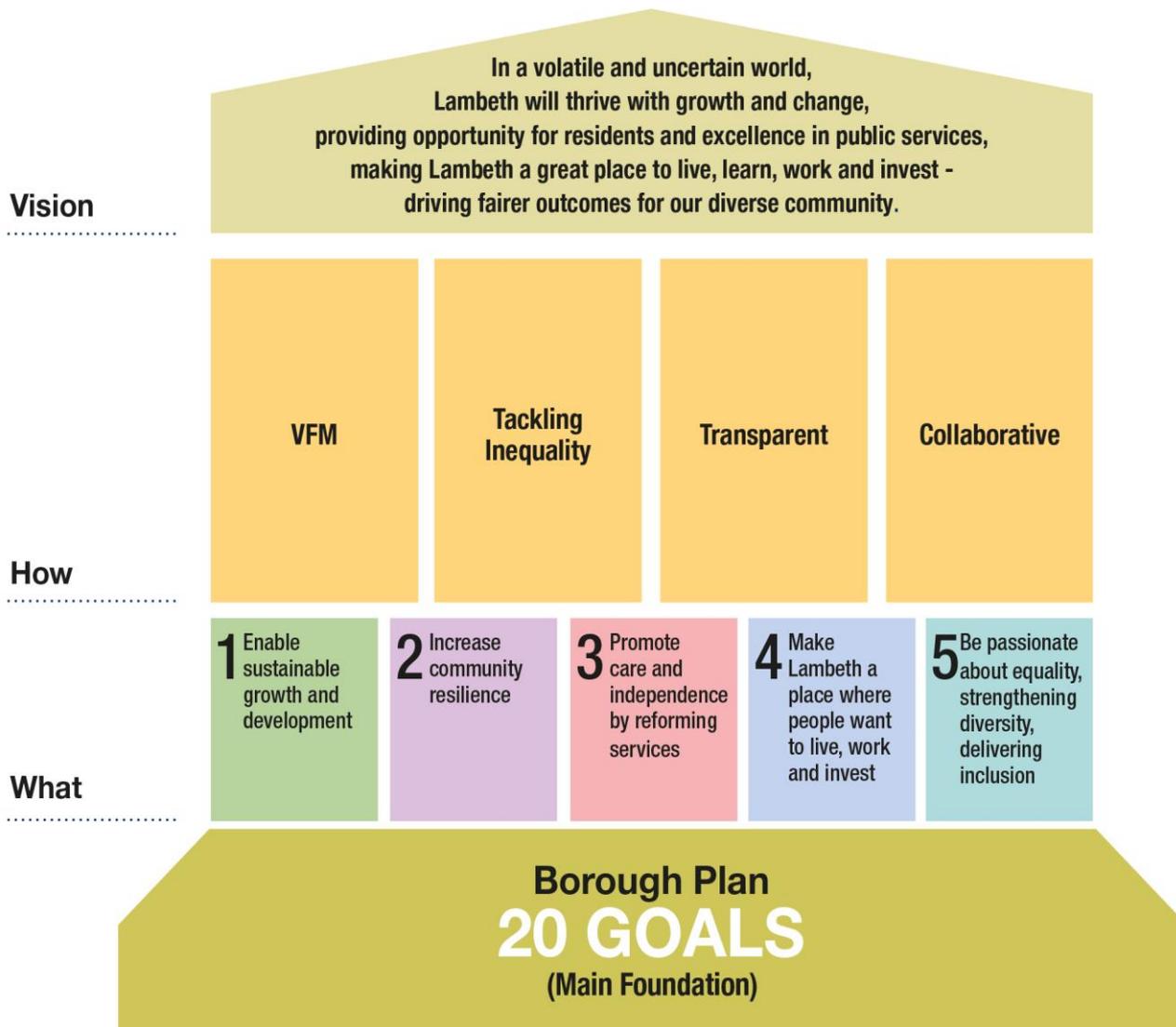
Introduction to Lambeth and the Borough Plan

Lambeth is a borough of huge diversity, energy and possibility. We have long been home to radicals and reformers, entrepreneurs and innovators - people who work together to help change the lives of others and their own. For hundreds of years, we have welcomed new communities who have left a unique cultural imprint on our borough.

We all know that we are now living and working in a volatile and uncertain world, with increasing and changing challenges, budget cuts to services, an unstable economy and the threat of a changing climate. Local areas need to work in new ways, with strength and creativity to tackle these challenges.

Through Lambeth First - a partnership between the council, the NHS, businesses, community groups and charities across the borough - we have brought together feedback from residents and identified four big ambitions and 20 goals to focus our work together over the next two years in our Borough Plan which is summarised in the diagram below.

We are committed to delivering great services to the people who live and work in Lambeth. To make sure we are on track with the delivery of the 20 goals set out in the Borough Plan we constantly monitor our performance against a number of indicators to see how we are doing and where we could do better. View



Financial Context

Like the rest of local government and the wider public sector, the council is currently facing an unprecedented crisis following the outbreak of the global coronavirus pandemic that has impacted the lives of so many people and resulted in the country going into lockdown in March 2020.

During what is a difficult time for our borough and our country, we have mobilised our staff and partners to continue to provide critical services for our community. Our approach has been strongly rooted in the ambitions and themes of Lambeth’s Borough Plan. The pandemic and subsequent lockdown has impacted on the nature of the services we deliver and how we deliver them. As would be expected in an emergency, we have responded at pace to protect those who have needed it. We have stepped in to ensure the most vulnerable have homes, food and social contact. Such a response has required, in some cases, a fundamental reimagining of how we deliver services and has, inevitably, created a series of financial pressures and funding challenges.

At the same time, the global pandemic is having a fundamental and negative impact on the economy and presents a series of significant challenges for the economic health of the country and its public finances in both the short and medium term. As such, the outlook for local government funding remains unclear.

Prior to the outbreak, the council was already addressing the challenge of cumulative annual cuts to Government funding, which alongside other spending pressures such as rises in the cost of living and an ageing population, have left the council with substantial budget pressures.

Medium Term financial Strategy (MTFS) 2021/22 to 2024/25

The Medium Term Financial Strategy was agreed in March 2021 as part of the council's budget and council tax setting report. This sought to provide the financial framework for the four years from 2021/22 to 2024/25. This considered experience of the pandemic restrictions on the council's finances and identified funding gaps of £9.5m (lower case), £13.4m (medium case) and £26.6m (upper case) under the three scenarios net of savings already agreed.

On consideration of the progress of the pandemic and government actions, the medium case scenario was considered to be the most likely. Savings proposals of £15.1m over the 4 years to 2024/25 were presented from the across the council. These were in addition to planned savings from prior year budget setting of over £18m to be made during this period. This means we have projected to be in surplus by the end of the planning period. However, this must be considered in the context of the uncertainty around the funding situation from 2022/23 onwards with many major changes such as the Fair Funding Review and Business Rates baseline reset to come.

The main objectives of our MTFS are to:

- Prioritise our resources in-line with the council's Borough Plan, and to ensure we achieve our five goals.
- Maintain a balanced budget position, and to always set a MTFS which maintains and strengthens that position.
- Provide a robust framework to assist the decision-making process within the council.
- Manage the council's finances with a forward looking four year rolling strategy.
- Deliver value for money to our taxpayers
- Exercise probity, prudence and strong financial control.
- Manage risk, which includes holding reserves and balances at an appropriate and sustainable level.
- Continually review budgets to ensure resources are targeted on our key priorities.

The Covid-19 crisis has had a significant financial impact and will have a long-term effect on the level of resources available to the council. However, there remains considerable uncertainty and difficulty in defining the full impact of the crisis and our understanding will be refined and improved over time. Also, we will need to consider how the council remains financially resilient and sustainable in what are very uncertain times for our borough and our country. Our current MTFS will continue to be developed to ensure that it underpins and supports the delivery of our Borough Plan priorities of enabling sustainable growth and development, increasing community resilience, promoting care and independence, being passionate about equality, strengthening diversity and delivering inclusion, making Lambeth a place that people want to live, work, and invest in. As a result of the outturn of the council's financial position for 2020/21, a number of pressures have been identified which will have ongoing implications in terms of the revenue funding deficit of the budget. These pressures are addressed as part of the work to update the MTFS. This is being reported to Cabinet in July 2021.

Review of the 2020/21 Financial Year

During the year the council undertook various activities to support local residents. These included:

- Distributing food and care packages to vulnerable people
- Enlisting and verifying volunteers
- Providing 3 months' rent relief for over 300 businesses and Voluntary and Community Sector tenants
- Paying eligible business grants to local businesses
- Setting up new helplines for our residents and businesses staffed by staff volunteers
- Stopping evictions and enforcement action for council tax arrears
- Finding accommodation for people who were sleeping rough
- Keeping schools open for the students of key workers
- Agreeing funding for emergency support scheme for residents at immediate risk and discretionary housing payments.

- Working with local hospitals to ensure capacity to meet the needs of additional COVID-19 patients
- Supporting health and care providers to access PPE, advice and key worker testing

Read the council's response to the coronavirus pandemic – Lambeth United: Our Response to Covid-19

<https://www.lambeth.gov.uk/sites/default/files/101629%20c-19%20response%20report%20WEB2.pdf>

Summary of Financial Performance in the Year

General Fund

The council incurred £47m of additional spend in year arising from the Coronavirus pandemic. This included additional care costs in Adults and Children Services, payments to support care providers, additional temporary accommodation costs and costs associated with shielding the vulnerable. Across all Directorates £3.6m of agreed 2020/21 savings have been delayed due to the pandemic. It will be important to deliver these savings next year to ensure the council remains within its budget over the medium term.

		Annual Budget	Outturn	Outturn Variance
		£000	£000	£000
ADULTS AND HEALTH	Income	(67,653)	(101,007)	(33,354)
	Expenditure	156,603	190,060	33,457
	Net	88,950	89,053	103
CHILDRENS SERVICES	Income	(15,308)	(17,432)	(2,124)
	Expenditure	97,189	100,659	3,470
	Net	81,881	83,227	1,346
NO RECOURSE TO PUBLIC FUNDS	Income	0	0	0
	Expenditure	2,734	2,031	(703)
	Net	2,734	2,031	(703)
RESIDENTS SERVICES	Income	(251,178)	(269,254)	(18,076)
	Expenditure	340,672	367,212	26,541
	Net	89,494	97,958	8,465
SUSTAINABLE GROWTH & OPPORTUNITY	Income	(10,382)	(11,438)	(1,056)
	Expenditure	21,250	22,382	1,133
	Net	10,868	10,945	77
FINANCE & INVESTMENT	Income	(7,957)	(8,752)	(795)
	Expenditure	19,237	19,368	131
	Net	11,280	10,616	(664)
STRATEGY, COMMUNICATIONS & LEGAL SERVICES	Income	(681)	(1,369)	(688)
	Expenditure	13,467	14,018	551
	Net	12,786	12,649	(137)
Total	Income	(353,159)	(409,252)	(56,093)
	Expenditure	651,152	715,731	64,580
	Net	297,993	306,479	8,487
Utilisation of Earmarked Reserves				(8,487)
Council Outturn				0

During the national lockdowns the council also faced a reduction in income collected from sources such as parking, registrars' services, events and a quarter rent free was provided to commercial tenants. Income losses for the year arising from the pandemic amounted to £12.9m.

However, funding was received from Central Government to cover most of these costs. The remainder of Covid related expenditure particularly within Adult Social Care was met from funding from the CCG towards additional discharge costs, staff and equipment, CCG funding for Integrated Health & Social Care Programmes, Health Funding for joint or fully funded placements and equipment costs and additional funding from the Living Well Network alliance. In addition to this, ringfenced funding was provided to support the workforce in adults social care, business support grants, infection control and PPE for the council to passport onto care providers and these mitigated pressures on the council's budgets.

In addition to the pressures due to the coronavirus pandemic on council budgets, the underlying pressures on expenditure and income resulted in an overspend of £8.4m. The main areas of overspend include special education needs and disability (SEND) transport within Children Services, temporary accommodation costs within Resident Services and a shortfall of income relating to court cost income and housing benefit overpayment recovery within Residents Services. Earmarked reserves have been used to balance the end of year position. It should be noted that the three areas of pressure, temporary accommodation, housing benefit overpayment and court cost income have been addressed in budget setting for 2021/22. The SEND transport budget will be monitored closely during the year as it is likely to remain a pressure for the coming year.

Dedicated Schools Grant

The Dedicated Schools Grant (DSG) has faced pressures within the High Needs Block relating to Special Education Needs placements. Early Years spend was lower than expected due to lower participation in the January 2020 census, offset by additional COVID expenditure in year supporting private and voluntary providers.

Dedicated Schools Grant (DSG)	Budget	Outturn	Variance
	£000	£000	£000
Schools Block	142,461	142,503	42
Central School Services Block	2,032	2,086	54
Early Years Block	28,483	27,702	(781)
High Needs Block	43,927	45,817	1,890
Total Expenditure	216,903	218,108	1,205

At the end of the financial year the DSG balance on the balance sheet is a deficit. As the DSG is ringfenced, the deficit will need to be recovered from future years DSG allocations.

Housing Revenue Account

The Housing Revenue Account (HRA) had an overspend against budgets on responsive repairs, legal costs for disrepair and increased voids work. There was also a programme of works relating to electrical testing and repairs on council dwellings. Government Grant funding has not been provided to the HRA to cover COVID related expenditure and there have been costs relating to making Hostels Covid safe, including the costs of cleaning, and income losses due to less people in Hostels to meet social distancing requirements and lower estate parking income. Overspends have been offset by drawing down on earmarked reserve balances within the HRA resulting in a net deficit of £0.5m which was taken to the HRA General Reserve.

Housing Revenue Account	Budget	Outturn	Variance
	£000	£000	£000
Housing Services	64,088	56,842	(7,246)

Strategic Programmes	14,689	18,501	3,812
Central HRA Budgets & Transfers to Reserves	(78,777)	(74,809)	3,969
Housing Revenue Account (HRA)			
Income	(154,590)	(148,566)	6,024
Expenditure	154,590	149,101	(5,489)
Net	0	535	535
HRA General Reserve			(535)
Overall HRA Variance			0

Capital

The council currently has £617.3m of approved schemes till 2024/25. The CIP is an amalgamation of both General Fund and Housing Revenue Account capital schemes. It is expected that the main sources of capital funding in future years will be Section 106 and Community Infrastructure Levy (CIL) contributions from development and prudential borrowing. In developing the CIP for coming years, the council will need to consider the impact on revenue budgets of borrowing to finance its capital priorities, as borrowing costs represent a pressure on revenue unless the capital project generates an income stream. The council will continue to seek external funding where possible, however in line with other funding from central government, capital grants are also expected to reduce in coming years. CIL receipts remain relatively healthy, although this income cannot be guaranteed it is dependent on the level of development activity within the Borough which will be affected by external factors outside of the council's control.

The council has spent £108.1m on capital expenditure this financial year against a budget £243.9m, with £135.7m being carried forward into the next financial year. Expenditure was lower in the financial year due to delays caused by the pandemic and work is ongoing to develop more realistic budget profiles across future financial years. Regarding spend incurred in year, the project to develop a theatre and associated workspace at Somerleyton Road is now nearing completion and the council continues to progress work on achieving vacant possession on our regeneration sites. Work is also underway to deliver a new archive for the council along with Affordable Housing on the site of Olive Morris House.

Directorate	20/21 Budget	20/21 Actuals	20/21 Carry Forward
	£000	£000	£000
Adults & Health	120	0	120
Children Services	2,199	779	1,419
Resident Services	74,867	30,867	44,001
Sustainable Growth & Opportunity	98,920	39,268	59,652
Finance & Investment	125	171	(46)
Housing Revenue Account (HRA)	67,634	37,035	30,600
Total	243,866	108,120	135,745

2020/21 Financing the Capital Investment Programme

- £14.1m of grant monies (£19.4m in 2019/20)

- £34.7m (£30.2m in 2019/20) of internal reserves and revenue contributions (including via the Major Repairs Reserve)
- £8.7m of proceeds from the disposal of Council assets (£18.7m in 2019/20).
- £42.1m from internal and external borrowing against cash balances (£146.3m in 2019/20)
- £6.1m from developers' contributions (£10.3m in 2019/20)
- £2.4m from Section 20 receipts (£5.6m in 2019/20)

General and Earmarked Reserves

The council retains a level of earmarked reserves to fund exceptional items or pressures which are difficult to predict, and which are not included in revenue budgets or within the capital programme. There are also reserves for specific government funding that is carried forward from year to year.

The council planned for the use of reserves to help smooth the impact of government funding reductions and other budget pressures especially during the period of austerity. Not only did this help to protect council services but it has also allowed time to transition towards new ways of working, productivity improvements and efficiencies.

During the year the council has increased the amount held in earmarked reserves, demonstrating strong financial planning and management. The main factors that enabled the council to do this are:

- Covid funding provided in advance of expenditure. This includes funding from government for business rate reliefs that will impact business rate income in 2021/22 for the council, but for which funding has been provided in advance in 2020/21.
- One-off Business Rates income from being part of the London Pool Business Rates Retention pilot retained to meet future funding uncertainty related to the business rate reset and fair funding review.
- Financing costs on borrowing being lower than forecast due to the profile of spend on capital projects.
- Other grant funding provided by Central Government for the 2021/22 financial year paid in advance.

Reserves	Balance at 31/03/2019 £'000	Balance at 31/03/2020 £'000	Balance at 31/03/2021 £'000
General Fund Balance	(21,308)	(21,308)	(25,870)
GF Earmarked Reserves	(73,038)	(96,531)	(151,068)*
General Fund Total	(94,346)	(117,839)	(176,938)
HRA Balances	(10,767)	(11,506)	(10,971)
HRA Earmarked Reserves	(46,923)	(48,590)	(17,944)
HRA Total	(57,690)	(60,096)	(28,915)
Council Total	(152,036)	(177,935)	(205,853)

**Includes business rate relief funding provided by Central Government in 2020/21, to support businesses during the pandemic, which will impact the council's finances in the form of reduced income in 2021/22.*

In the Housing Revenue Account (HRA), which is ring-fenced from the General Fund, reserves have reduced in year to finance additional expenditure relating to repairs and to cover costs associated with the coronavirus pandemic which were not funded by government for the HRA.

Borrowing

The council has long term borrowing of £641.6m sourced from the Government owned Public Works Loan Board. It also has an interest free loan from the GLA, known as the Housing Zone Loan, with an outstanding balance of £9.6m.

It should also be noted that the council holds long-term creditors of £86.1m which relate to arrangements for service concessions (finance leases or PFI), most of which is paid for by PFI grants received from central government.

Pension Fund Revaluation and Pension Liability

The triennial valuation of the Pension Fund took place in 2019, which outlined the contribution rates required by the council in future to meet its Pension scheme liabilities. The contribution rates came into effect on 01 April 2020 and will remain in place until the next valuation i.e., 31 March 2023.

The overall net pension liability of the council is broader than that of the Pension Fund because it includes liabilities relating to employees with pensions managed by the London Pension Fund Authority (LPFA) as well as those of the Pension Fund.

For the Pension Fund and LPFA combined, the scheme assets increased from £1.452bn to £1.826bn, reflecting the volatile market conditions in the UK and globally.

The overall net pension liability is the net of scheme assets and pension obligations and has increased from £562m to £717m. However, this is more the result of a change in the actuarial assumptions. Please see the Pension Fund accounts for more details.

Performance Overview as at Q4 2020/21

As anticipated the impact of Covid on performance has been seen throughout the year as services have been dealing with Covid restrictions and managing staffing and capacity issues; nevertheless, performance has remained resilient as a whole and the council has continued to balance its responsibilities to deliver core services within the demands of managing the pandemic.

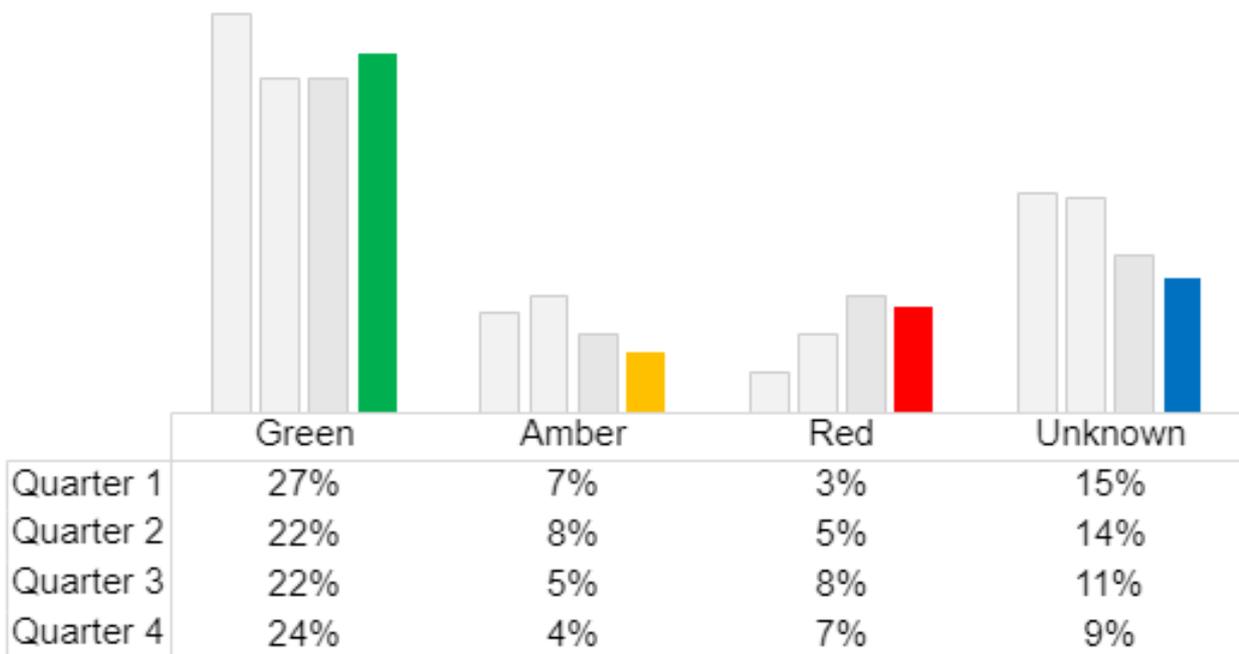
Though work has continued across all areas of performance, in response to the pandemic the organisation has placed necessary additional focus on assisting those who are vulnerable and in need, therefore performance in certain areas has seen a dip. However, the 2020-21 performance targets were developed prior to the pandemic and are based on pre-Covid baselines, so when performance is reviewed within the context of Covid the work the organisation has continued to do and carried out demonstrates just how remarkable and noteworthy this performance actually is.

In terms of performance, progress is reported against the 4 Borough Plan Pillars:



<h2>Sustainable growth</h2> <p>A growing economy that everyone benefits from</p>	✓
<h2>Resilient communities</h2> <p>Communities that are thriving, connected and resilient</p>	✓
<h2>Independence</h2> <p>Services are improved and people have support to live as well and independently as they can</p>	✓
<h2>Place</h2> <p>Lambeth is a place people want to live, work and invest</p>	✓

The graph below provides a breakdown of the latest available performance for all 33 tier 1 indicators across each of the 4 pillars, that can be allocated a rag status. In addition to these indicators there are 43 monitor only indicators which have no rag status so have not been included in the visualization.



Pillar 1: Sustainable Growth

2020/21 saw some significant gains in our efforts to enable sustainable growth and development in Lambeth. A total of 5,491sq.m of affordable workspace was added across the borough. This has been in part due to the success of the GLOWS development in Tulse Hill which has been supported through the Stride program. The GLOWS program has provided a new affordable and supportive home for nine local entrepreneurs and businesses working across visual arts, costume design, marketing, media, writing and fashion. Effective use of Planning Performance Agreements has also allowed us to determine 100% of

major planning applications within the timeframes set by central government. This maintains the strong performance seen in 2019/20.

That said, the impact of the Covid pandemic continues to be felt. Our largest town centres (Brixton, Streatham, West Norwood, Clapham, Vauxhall, Stockwell and Waterloo) have seen a 50% increase in the proportion of vacant units when compared with 2019/20. Officers are working closely with teams across the council and its partners to aid Covid-19 recovery in each of the aforementioned town centres. The number of homes consented during 2020/21 has also suffered as a result of Covid, with numbers at a 10-year low. Despite this, the strong pipeline of potential large residential schemes for 2021/22 gives officers confidence that coming quarters will see a significant increase in homes consented.

Pillar 2: Resilient Communities

A significant impact can be seen across this pillar. Following government guidance, childcare settings started to reopen after lockdown in July 2020 and as expected, the numbers of children attending settings across the borough has been lower than the previous year as many parents/carers were sceptical about their children returning to childcare preferring to keep their children at home. The headcount held in January 2021 indicated that the take up of funded places for both age groups, 2-year-olds and 3-4 years have seen a reduction

Despite the number of job vacancies remaining low because of the economic impact of Covid, a total of 203 residents secured employment, training or apprenticeship opportunities in through council initiatives. However, the number of people seeking employment support through council-supported programmes continues to rise, reflecting the increasing number of residents who are now out of work. This correlates with the data that in 2020/21 a total of 5,412 residents received advice with welfare benefits and continues to demonstrate that the demand for welfare benefits advice remains high given the significant economic impact of Covid.

Encouragingly, data currently shows a three year upward trend for the percentage of Lambeth residents' participation in education and/or work-based learning in academic years 12 to 13, thereby making Lambeth the most improved borough out of our eight comparable neighbours. In addition, an increase can be seen in the proportion of working aged residents with qualifications at NVQ level 2 or higher.

And whilst the number of households in temporary accommodation has seen an increase compared to last year, with a 5% increase for families with children and 39% increase for single and all-adult households, occupation levels at year end would be higher and are being held down by robust homeless prevention and relief activity supporting and sustaining existing tenancies through welfare, debt, and other financial advice. Negotiation and mediation with families and landlords is also being deployed to sustain tenancies and prevent eviction.

Pillar 3: Independence

2020/21 has been a challenging year for this pillar; the effect of covid has seen a 16% increase in referrals to adult social care and a corresponding 12% increase in safeguarding concerns. This has been further impacted by covid restrictions and being unable to carry out reviews or assessments face to face. Waiting times for CAMHs services have also been impacted with performance fluctuating across the year, with volumes seeing a considerable increase in the number of referrals whilst the service continues to face significant challenges in staff recruitment and retention.

However, the PEPs for Looked After Children at statutory school age continues to average above 95% for this academic year. Although the timescale of 6 months is set, the majority have had a PEP meeting every 3-4 months, which has allowed for timely and appropriate support and interventions to be put in place to enable the pupils to achieve positive outcomes. In addition, pathway plan completion has further improved from 88% to 93%, providing a service to our young people to influence positive change to their lived experiences.

Furthermore, as a result of partnership working between colleagues in children social care and health, a significant shift can be seen in the percentage of looked after children looked after continuously for 12 months or more having their annual health assessment, dramatically improving performance compared to

the previous two years. And whilst the annual performance remains below target the proportion of core group meetings held within timescale is at its highest point when compared to previous years.

Pillar 4: Place

The year has seen a mixed picture for our efforts to make Lambeth a place where people want to live, work and invest. The percentage household waste sent for recycling, refuse and composting has improved substantially from the previous year, recycling performance has seen a surge following the national lockdown which resulted in an increase in household waste and has remained consistently higher than the previous year. However, residual waste per household has also risen significantly, from 376 kg per household in 19/20 to 440 kg in 20/21. This performance was inevitable given the shift in people working from home and with shops and restaurants closed, waste which would have otherwise been disposed of as commercial waste was diverted through the domestic waste stream.

Graffiti has also been on the increase since the first national lockdown. With an increase in the numbers of shops closed with shutters down, existing graffiti has become more noticeable, and graffiti tags becoming more frequent and in more prominent locations. However, the removal of graffiti will transfer over to the waste and cleaning contractor's responsibility from October 2021, and the responsibility to remove small scale graffiti within town centres will fall within the duties of the beat cleaner. Larger scale graffiti that requires specialist equipment will be undertaken by a mobile graffiti removal team. This hybrid approach should provide the Authority with more coverage for the removal of graffiti.

Numbers of visits to Lambeth leisure facilities have fluctuated severely in 2020/2021. The Government national lockdowns have seen all sport and leisure facilities being forced to close times on 3 occasions or restricted on numbers of participants for large periods of the year. When facilities have been able to open, the leisure industry have been required to have reduced capacity to ensure they operate in a Covid secure manner.

However, despite facing covid restriction challenges throughout the year, the target for the number of Lambeth Council homes brought up to LHS standards in the year has been exceeded, with the completion of over 30 schemes in the year throughout the borough, bringing the total number of homes brought up to standard to 2,263. Furthermore, tenant housing repairs satisfaction is at the highest level it has been since 2016. This has been achieved through contractors investigating and addressing issues reported in negative satisfaction surveys via 121s, toolbox talks and process changes, as well as the use of text messaging via the DRS appointing system to keep residents informed of a job's progress.

Explanation of the key financial statements

The Statement of Accounts presents the council's income and expenditure for the year, and its financial position at 31 March 2020. It shows the core statement as well as notes to the statements. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, which in turn is underpinned by International Financial Reporting Standards.

They can be complex to understand, with entries such as asset depreciation and impairments and pensions accounted for under IFRS and then reversed out to meet regulatory requirements and will not having the same prominence as they would in a private sector set of accounts.

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

Movement in Reserves Statement - This statement shows the movement in the year on the different reserves held by Lambeth, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'surplus or (deficit) on the provision of services' line shows the true economic cost of providing services, more details of which are shown in the

Comprehensive Income and Expenditure Summary (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The 'Net increase/decrease before transfers to Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

Balance Sheet - The Balance Sheet shows the value as at the Balance Sheet date of assets and liabilities. The net assets of the council (assets less liabilities) are matched by the reserves held. 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 that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (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'.

Cash Flow Statement - The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period. The statement shows how Lambeth 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 Lambeth. 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.

There are various notes to the financial statements. One particular note that is specific to Local Government is the 'Adjustments between Accounting Basis and Funding Basis under Regulations' as this lists out the reversals from the financial statements to ensure the accounts comply with UK Statutory requirements and this should therefore be considered alongside the primary statements when reviewing the accounts. There are also a few supplementary statements that make up the accounts including:

The Housing Revenue Account – Income and Expenditure associated with Council Housing is ringfenced by law.

Collection Fund – Council Tax and Business Rates are separately accounted for with the impact of any surpluses and deficit in year impacting the council and other preceptors in future financial years.

Group Accounts – the accounts of the HFL group of companies, owned by the council, are amalgamated into the council's financial statements.

Pension Fund Accounts – the accounts for the Pension Fund are presented separately.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Chief Financial Officer) has the responsibility for the administration of those affairs;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the statement of accounts.

The Chief Financial Officer's Responsibilities

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

In preparing this statement of accounts, the CFO has:

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

Certification of the Chief Financial Officer

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the London Borough of Lambeth, including its income and expenditure, and of the London Borough of Lambeth Pension Fund for the year ended 31 March 2021.



Christina Thompson, BA (Hons), FCPFA
Director of Finance and Property and Section 151 Officer
London Borough of Lambeth
Date: 5th January 2022

Approval of the Accounts

I certify that the audited Statement of Accounts has been approved by resolution of the Audit Committee of the London Borough of Lambeth in accordance with the Accounts and Audit Regulations 2015.



Councillor David Amos
Chair – Corporate Committee
Date: 5th January 2022

Independent auditor's report to the members of London Borough of Lambeth

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of London Borough of Lambeth "the Council" for the year ended 31 March 2021, which comprise the Council and Group Comprehensive Income and Expenditure Statement, the Council and Group Movement in Reserves Statement, the Council and Group Balance Sheet, the Council and Group Cash Flow Statement, Housing Revenue Account, the Movement on the Housing Revenue Account Statement, Collection Fund Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2021 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – the valuation of land, buildings and investment property and pension fund pooled property investments

We draw attention to Note 2a of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Council's land and buildings, and the valuation of the Council's share of the Lambeth Pension Fund pooled property investments. As disclosed in Note 2a to the financial statements, the Council's and Pension Fund valuers have included a 'material valuation uncertainty' declaration in their reports because of the Covid-19 pandemic. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance & Property's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance & Property with respect to going concern are described in the relevant sections of this report.

Other information

The Director of Finance & Property is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Finance & Property for the financial statements

As explained more fully in the Statement of the Director of Finance & Property's Responsibilities, the Director of Finance & Property is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Director of Finance & Property is also responsible for such internal control as the Director of Finance & Property determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance & Property is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance & Property is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, the Local Government and Housing Act 1989 and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Director of Finance & Property's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Corporate Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.
- Our audit procedures in relation to fraud included but were not limited to:
 - making enquiries of management and the Corporate Committee on whether they had knowledge of any actual, suspected or alleged fraud;
 - gaining an understanding of the internal controls established to mitigate risks related to fraud;
 - discussing amongst the engagement team the risks of fraud; and
 - addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Corporate Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Finance & Property's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on the Council's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of London Borough of Lambeth Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept

or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to:

- satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack.

Suresh Patel

For and on behalf of Mazars LLP

Tower Bridge House

St Katharine's Way

London

E1W 1DD

Date 5 January 2022

Independent auditor's report to the members of the London Borough of Lambeth Pension Fund

Report on the financial statements

Opinion on the financial statements of the London Borough of Lambeth Pension Fund

We have audited the financial statements of London Borough of Lambeth Pension Fund ('the Pension Fund') for the year ended 31 March 2021, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of London Borough of Lambeth Pension Fund during the year ended 31 March 2021, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2021; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council, as administering authority for the Pension Fund, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of pooled property fund assets

We draw attention to Note 5 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Pension Fund's pooled property fund assets as at 31 March 2021. As disclosed at Note 5, these valuations have been reported by the valuers on the basis of 'material valuation uncertainty' in line with guidance from the Royal Institute of Chartered Surveyors (RICS). Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance and Property's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance and Property has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Director of Finance and Property is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Finance and Property for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance and Property is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Director of Finance and Property is also responsible for such internal control as the Director of Finance and Property determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance and Property is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Director of Finance and Property is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare the accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of the London Borough of Lambeth, as a body and as administering authority for the Lambeth Pension Fund, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the London Borough of Lambeth those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the London Borough of Lambeth, as a body, for our audit work, for this report, or for the opinions we have formed.

Suresh Patel

For and on behalf of Mazars LLP

Tower Bridge House

St Katharine's Way

London

E1W 1DD

Date: 5 January 2022

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	Notes	2020/21			2019/20		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£'000	£'000	£'000	£'000	£'000	£'000
Adults & Health		191,170	(101,007)	90,163	174,629	(78,550)	96,079
Legal, Strategy & Communications		14,189	(1,369)	12,820	13,825	(2,931)	10,894
Children's Services		368,020	(281,899)	86,121	371,255	(268,630)	102,625
Corporate Items		46,017	(1,575)	44,442	29,922	(556)	29,366
Finance & Investment		32,652	(17,788)	14,864	111,052	(77,038)	34,014
Housing Revenue Account		158,942	(148,615)	10,327	99,810	(181,496)	(81,686)
Resident Services		375,688	(270,758)	104,930	371,480	(284,170)	87,310
Sustainable Growth & Opportunity		37,553	(12,212)	25,341	14,225	(9,016)	5,209
COST OF SERVICES		1,224,231	(835,223)	389,008	1,186,198	(902,387)	283,811
Levies				3,894			3,915
Payments to the Government Housing Capital Receipts Pool				4,093			28,262
(Gains)/losses on the Disposal of Non-Current Assets				3,898			(9,523)
Other Expenditure				91			100
Other Operating (Income)/Expenditure				11,976			22,754
Interest Payable and Similar Charges - other	13c			34,738			37,393
Net interest on the net pensions liability	25a			13,106			18,788
Investment Interest income	4			(993)			(899)
Impairments on Receivables				13,087			12,261
Impairment Losses / (Gains) on Investments				(55)			3,759
Financing and Investment Income and Expenditure				59,883			71,302
Taxation and Non-Specific Grant Income	9b			(390,355)			(358,401)
(SURPLUS) OR DEFICIT ON PROVISION OF SERVICES				70,512			19,466
Loss / (Gain) on revaluation of non-current assets	29			22,673			(72,047)
Remeasurements of the Net Defined Benefit Liability	29			143,127			(244,248)
Other Comprehensive (Income) and Expenditure				165,800			(316,295)
Total Comprehensive (Income) and Expenditure				236,312			(296,829)

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the individual 'usable reserves' (that is those that can be applied to fund expenditure or reduce local taxation) held by the authority, and there is one column for unusable reserves. The Total Comprehensive Income and Expenditure line here shows the surplus / deficit on the provision of services in the total usable reserves column and the other comprehensive (income) and expenditure in the unusable reserves column. These show the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

2020/21	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve (Capital) £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2020 brought forward	(128,577)	(60,096)	(38,197)	0	(68,533)	(295,403)	(2,277,004)	(2,572,407)
Total Comprehensive Income and Expenditure (CIES Page 22)	46,895	23,617	0	0	0	70,512	165,800	236,312
Adjustments between accounting basis & funding basis under regulations (Note 27)	(112,742)	7,564	(4,370)	0	5,329	(104,219)	104,219	0
(Increase)/Decrease in 2020/21	(65,847)	31,181	(4,370)	0	5,329	(33,707)	270,019	236,312
Balance at 31 March 2021 carried forward	(194,424)	(28,915)	(42,567)	0	(63,204)	(329,110)	(2,006,985)	(2,336,095)
GF and HRA Balance analysed over								
Earmarked reserves (Note 28c)	(151,068)	(17,944)						
LMS (Schools) Balance (Note 28b)	(17,486)							
Balances not earmarked (Note 28a)	(25,870)	(10,971)						
Balance at 31 March 2021	(194,424)	(28,915)						

2019/20	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve (Capital) £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2019 brought forward	(108,081)	(57,690)	(69,168)	251	(78,911)	(313,599)	(1,961,979)	(2,275,578)
Total Comprehensive Income and Expenditure (CIES Page 22)	91,038	(71,572)	0	0	0	19,466	(316,295)	(296,829)
Adjustments between accounting basis & funding basis under regulations (Note 27)	(111,534)	69,166	30,971	(251)	10,378	(1,270)	1,270	0
(Increase)/Decrease in 2019/20	(20,496)	(2,406)	30,971	(251)	10,378	18,196	(315,025)	(296,829)
Balance at 31 March 2020 carried forward	(128,577)	(60,096)	(38,197)	0	(68,533)	(295,403)	(2,277,004)	(2,572,407)
GF and HRA Balance analysed over								
Earmarked reserves (Note 28c)	(96,531)	(48,590)						
LMS (Schools) Balance (Note 28b)	(10,738)							
Balances not earmarked (Note 28a)	(21,308)	(11,506)						
Balance at 31 March 2020	(128,577)	(60,096)						

BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities held by the council. The council's net assets (assets less liabilities) are matched by the reserves it holds. These reserves are shown in two categories – usable and unusable. Usable reserves may be used to provide services subject to statutory limitations and the need to maintain prudent levels of reserves for financial stability. Unusable reserves cannot be used to fund council services.

	Notes	31 March 2021 £'000	31 March 2020 £'000
Property, Plant & Equipment	12a, 12b	3,823,491	3,868,587
Heritage Assets	12g	2,420	1,958
Intangible Assets	12c	2,398	2,743
Long Term Investments	13a	34,296	34,241
Long-Term Debtors	13a	16,245	4,057
Long Term Assets		3,878,850	3,911,586
Assets Held for Sale (within one year)	12f	440	1,636
Inventories		53	0
Short Term Debtors	14	207,018	149,668
Short Term Investments	13a	10,046	35,288
Cash and Cash Equivalents	33	81,317	31,772
Current Assets		298,874	218,364
Short Term Borrowing	13a	(7,081)	(7,074)
Short Term Creditors	15	(172,421)	(178,959)
Provisions	22	(58,545)	(29,159)
Grants Receipts in Advance - Revenue	16	(76,326)	(15,274)
Grants Receipts in Advance - Capital	18	(30,843)	(25,812)
Current Liabilities		(345,216)	(256,278)
Long Term Creditors	13a	(86,010)	(90,739)
Provisions	22	(12,759)	(22,154)
Long Term Borrowing	13a	(651,283)	(591,658)
IAS19 Net Pension Liability	25a	(716,865)	(562,180)
Grants Receipts in Advance - Capital	18	(29,496)	(34,534)
Long Term Liabilities		(1,496,413)	(1,301,265)
Net Assets		2,336,095	2,572,407
Total usable reserves	28	329,110	295,403
Total unusable reserves	29	2,006,985	2,277,004
Total Reserves		2,336,095	2,572,407

CASH FLOW STATEMENT

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

Year Ended 31 March	Notes	2020/21 £'000	2019/20 £'000
Net (surplus) or deficit on the provision of services		70,512	19,466
<u>Adjust net surplus or deficit on the provision of services for non-cash movements</u>			
Depreciation and amortisation	(62,073)	(60,446)	
Impairment and revaluations	(48,547)	46,327	
Impairment (loss)/gain on investments	55	(3,759)	
(Increase)/Decrease in Creditors	(94,998)	18,757	
Increase/(Decrease) in Debtors	22,306	(3,160)	
Increase/(Decrease) in Inventories	53	0	
Other adjustments	226	473	
Increase/(Decrease) in Accrued Investment Income	(242)	261	
Pension Liability	(11,558)	(31,615)	
Contributions (to)/from Provisions	(19,990)	48,755	
Carrying amount of non-current assets sold (property plant and equipment, investment property and intangible assets)	(21,011)	(14,524)	
Adjustments to net surplus or deficit on the provision of services for non-cash movements		(235,779)	1,069
<u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u>			
Capital Grants credited to surplus or deficit on the provision of services	19,419	25,545	
Proceeds from the sale of property plant and equipment, investment property and intangible assets	17,114	24,047	
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		36,533	49,592
Net Cash Flows from Operating Activities		(128,734)	70,127
Investing Activities	30	89,732	91,157
Financing Activities	31	(10,543)	(137,120)
Net (increase) or decrease in cash and cash equivalents		(49,545)	24,164
Cash and cash equivalents at the beginning of the reporting period		31,772	55,936
Cash and cash equivalents at the end of the reporting period	33	81,317	31,772

NOTES TO THE ACCOUNTS (GENERAL)

1. Statement of Accounting Policies

A. Basis of Preparation

The Accounts and Audit (England) Regulations 2015 require the council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2020/21, these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code).
- the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 (SI 2003 No 3146, as amended) (the 2003 Regs).

The Statement of Accounts has been prepared using the going concern and accruals bases. 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 services is recognised when the Authority satisfies a performance obligation by transferring promised goods or services to the purchaser.
- 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 balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The historical cost convention has been applied, modified by revaluation of the following material categories of non-current assets and certain financial instruments.

Class of Assets	Valuation Basis
Property, Plant and Equipment: Dwellings	Current value, comprising existing use value for social housing. Dwellings are valued using market prices for comparable properties, adjusted to reflect occupancy under secure tenancies.
Property, Plant and Equipment: Other Land and Buildings	Current value, comprising existing use value. Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists or the property is specialised, current value is measured at depreciated replacement cost.
Property, Plant and Equipment: Surplus Assets	Land, Office and Retail assets have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs are significant leading to the properties being categorised at Level 2 in the fair value hierarchy.
Pensions Assets	Fair values based on the following: <ul style="list-style-type: none"> • quoted securities – current bid price • unquoted securities – professional estimate • unitised securities – current bid price • property – market value.

The Statement of Accounts has been adjusted to reflect events after 31 March 2021 and before the date the Statement was authorised for issue only where the events provide evidence of conditions that existed at 31 March.

B. Adjustments Between Accounting Basis and Funding Basis

The resources available to the council in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement so that usable reserves reflect the funding available at the year-end. This is also shown in the Expenditure and Funding Analysis. Unusable reserves are created to manage the timing differences between the accounting and funding bases. The material adjustments are:

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Property, Plant and Equipment	Depreciation and revaluation/impairment losses	Annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance.	Capital Adjustment Account
Intangible Assets	Amortisation and impairment		Capital Adjustment Account
Investment Properties	Movements in fair value		Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in 2020/21		Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in 2020/21 or were received in 2020/21 without conditions.	No credit for capital grant income as this is accounted for via the capital adjustment account when applied.	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2021) Capital Adjustment Account (other amounts)
Non-Current Asset Disposals	Gain or loss based on sale proceeds less carrying amount of asset (net of costs of disposal).	No charge or credit in respect of carrying amount. The sales proceeds are taken to the Capital Receipts Reserve.	Capital Adjustment Account (carrying amount) Capital Receipts Reserve (sale proceeds and costs of disposal) Deferred Capital Receipts Reserve (where sale proceeds have yet to be received)
Financial Instruments	Premiums payable and discounts receivable on the early repayment of borrowing in 2020/21. Movements in the fair value of money market fund investments.	Deferred debits and credits of premiums and discounts from earlier years in accordance with the 2003 Regs Historical cost gains/losses for money market fund investments disposed of in 2020/21.	Financial Instruments Adjustment Account
Pensions Costs	Movements in pensions assets and liabilities being the aggregate of service costs, net interest costs and actuarial gains and losses.	Employer's pensions contributions payable and direct payments made by the council to pensioners for 2020/21.	Pensions Reserve
Council Tax	Accrued income from 2020/21 bills	Demand on the Collection Fund for 2020/21 plus share of estimated surplus at 31 March 2021.	Collection Fund Adjustment Account
Business Rates	Accrued income from 2020/21 bills	Precept from the Collection Fund for 2020/21	Collection Fund Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2021	No charge	Accumulated Absences Adjustment Account
Redress Capitalisation	The cost of redress scheme claims.	Capitalisation of redress scheme claims.	Redress Capitalisation Directive Reserve
Dedicated Schools Grant Deficit	The cost of the deficit in the dedicated schools grant.	Set aside of the deficit for recovery in future financial years.	Dedicated Schools Grant Adjustment Account

C. Financial Instruments

Financial instruments are recognised on the Balance Sheet when the council becomes a party to their contractual provisions. They are initially measured at fair value.

Financial liabilities are subsequently measured at amortised cost. For the council's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial assets are subsequently measured in one of two ways:

- amortised cost – assets whose contractual terms are basic lending arrangements (i.e., they give rise on specified dates to cash flows that are solely payments of principal or interest on the principal amount outstanding, which the council holds under a business model whose objective is to collect those cash flows)
- fair value – all other financial assets

Amortised cost assets are measured in the Balance Sheet at the outstanding principal repayable (plus accrued interest). Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument. Any gains or losses in fair value that might arise are not accounted for until the instrument matures or is sold.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES.

Changes in the value of assets carried at fair value (described as Fair Value through Profit or Loss) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

D. Revenue from Contracts with Service Recipients

The council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

E. Government Grants and Contributions

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

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

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

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

Community Infrastructure Levy

The authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement 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 proportion of the charges may be used to fund revenue expenditure.

F. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the council as a result of past events (e.g., software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the council.

Intangible assets are measured at cost. These are amortised over 4 years.

The amount of an intangible asset to be amortised is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that it

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.

G. Leases

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

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

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

Property, plant and equipment held by the council 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. Premiums paid on entry into a lease are applied to writing down the lease liability. Subsequent 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
- financing charges and contingent rents (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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 authority at the end of the lease period).

The authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Rentals paid by the council under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant or equipment.

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, with the gain/loss attributable to the difference between the carrying amount of the asset and the council's net investment in the lease being credited/debited to the Other Operating Expenditure line in the CIES. The net investment in the lease is recognised as a lease asset in the Balance Sheet, net of any premium paid. Lease rentals receivable are apportioned between:

- a credit for the disposal of the interest in the property – applied to write down the lease asset
- finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

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.

H. Overheads and Support Services

The costs of overheads and support services are charged to the Housing Revenue Account (HRA), to Public Health and against the Dedicated School Grant for their share of the supply or service in proportion to the benefits received. However, the full absorption costing principle is no longer applied with the remainder of the General Fund's share of overheads and support services remaining in the Corporate Resources directorate in accordance with the authority's arrangements for accountability and financial performance.

I. Post-Employment Benefits

Employees of the council are members of four separate pension schemes:

- The NHS Pensions Scheme, administered by NHS Pensions
- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme, administered by the London Borough of Lambeth.
- The Local Government Pensions Scheme, administered by the London Pension Fund Authority.

The NHS and Teacher's Schemes provide defined benefits to members. However, Scheme arrangements mean that liabilities for these benefits cannot be attributed 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 Children's and Education Services and Public Health lines in the Comprehensive Income and Expenditure Statement are charged respectively with the employer's contributions payable to Teachers' and NHS Pensions in the year.

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

- the liabilities of the Lambeth and London Pension Funds attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method
- liabilities are discounted to their value at current prices using a discount rate of which is based on the indicative rate of return available on a basket of AA-rated bonds with long terms to maturity (the iBoxx AA rated over 15 year corporate bond index)
- the assets of the Lambeth and London Pension Funds attributable to the council are included in the Balance Sheet at their fair value as set out in Policy A.

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

- Service cost comprising:
 - current service cost – allocated in the Comprehensive Income and Expenditure Statement (CIES) to the services for which the employees worked
 - past service cost – debited to the Surplus or Deficit on the Provision of Services in the CIES.
- Net interest on the net defined benefit liability:
 - charged to the Financing and Investment Income and Expenditure line of the CIES
- Re-measurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Lambeth pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

Discretionary Benefits

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

J. Property, Plant and Equipment and Heritage Assets

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.

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

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

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

Assets such as infrastructure, community assets and assets under construction are carried at depreciated historical cost. Surplus Assets are held at Fair Value, Heritage assets are held at historic cost. For assets currently providing a service, if they have no active market then they are held at Depreciated Replacement Cost, for Council Dwellings these are held at Existing Use Value – Social Housing, and for other assets with an active market these are held at Existing Use Value. Assets included in the Balance Sheet are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their valuation basis 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.

Where decreases in value are identified, they are accounted for in the following ways:

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

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

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.

Assets are assessed at each year-end as to whether there is any indication that items 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.

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts (based on their brought forward value) 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).

Useful Economic Lives

Asset Category	Useful Economic Life
Council Dwellings	60 Years
Other Buildings	40 Years
Vehicles & IT equipment	4 Years
Plant, furniture & equipment	10 Years
Commercial properties & surplus assets	40 to 60 Years
Infrastructure	10 – 40 years depending on type of infrastructure asset
Community assets	10 – 100 years depending on type of community asset
Heritage assets	Held in perpetuity

The periods over which assets are depreciated are determined by the valuer on an asset by asset basis. In the absence of such a determination the useful lives in the table above apply.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES against any receipts arising from the disposal as a gain or loss on disposal.

Council Dwellings that are earmarked for regeneration will be valued using the Existing Use Value for Social Housing (EUV-SH) method provided that they are still operational/occupied at the balance sheet date.

Once a formal decision has been made and a clear timetable agreed, including a change in use of the homes; i.e., they are vacant/non-operational, it is this change in use that will drive any change in the valuation method used for the purposes of the annual accounts.

For those properties valued within the financial year, the valuer will determine the assets value as at 31 December with an impairment review at the end of the financial year to highlight any financially material changes to the value of these assets between 31 December and 31 March.

K. Private Finance Initiative and Similar Contracts

As the council is deemed to control the services that are provided under its PFI contracts, and as ownership of the Property, Plant and Equipment will pass to the council at the end of the contracts for no additional charge, the assets used are recognised on the Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

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

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement (CIES)
- finance cost – debited to the Financing and Investment Income and Expenditure line in the CIES
- contingent rent – debited to the Financing and Investment Income and Expenditure line in the CIES
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- lifecycle replacement costs – a proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out

L. Provisions

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

The government has provided the ability to capitalise specific future costs relating to the redress scheme setup by the council in 2017/18 for payments pertaining to historic child abuse. The provision setup for these costs is matched with a reserve on the balance sheet. As payments are made these will be debited against the provision and will be matched by drawing down the reserve by an equal sum to the capital adjustment account.

M. Termination Benefits

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

N. Changes in 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.

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

O. 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 a specified period, no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management strategy.

P. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

Q. Rounding

It is not the council's policy to adjust for immaterial cross-casting differences between the main statements and disclosure notes.

R. Council Tax and Non-domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

S. Employee Benefits Payable During Employment

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

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 school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

U. 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.

V. Single Entity Financial Statements and Group Accounts

We have presented single entity financial statements, in which Lambeth's interest in wholly owned subsidiaries are accounted for on the basis of the direct equity interest (i.e. at cost) rather than on the basis of the reported results and net assets of the investees.

The council prepared a review of group interests in the companies that have the nature of subsidiaries during the 2020/21 financial year. It has concluded that there are material interests in subsidiaries, and therefore Group Accounts have been prepared. See Group Accounts for more details.

2a. Critical Judgements and Assumptions

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

Items in the council's Balance Sheet at 31 March 2021 for which there is a risk of material adjustment in the forthcoming financial year include pensions liabilities, property, plant and equipment valuations, insurance provisions and impairments on receivables.

Assumptions Made About the Future and Other Major Sources of Uncertainty

Future of Local Government

There is a high degree of uncertainty about future levels of funding for local government. However, the council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the council might be impaired as a result of a need to close facilities and reduce levels of service provision.

COVID-19

It is clear that COVID-19 has had and will continue to have a significant impact on the council, local businesses and individuals. However there is a great deal of uncertainty at this early stage regarding what the precise impact will be over time. The council has reassessed impairment on receivables and asset valuations have been reviewed, as have figures within the Pension Fund. Adjustments have only been made where there is evidence to justify making such an amendment.

There have been no adjusting events after the balance sheet date that have required a change to the balance sheet figures at 31st March 2021.

Pensions Liabilities

Estimation of the net liability to pay pensions depends on a number of complex judgements agreed with the council's actuaries, Hymans Robertson LLP and Barnett Waddingham (the actuaries of the London Pension Fund Authority (LPFA)).

The sensitivities regarding the principal assumptions used to measure the pension liability in respect of the Lambeth scheme are set out in the table below:

	Approx. increase to pension liability		Approx. increase to monetary amount	
	LPFA	Lambeth	LPFA	Lambeth
	%	%	£'000	£'000
1 year increase in member life expectancy	7	3-5	5,067	98,903
0.5% increase in salary increase rate	<1	1	95	14,132
0.5% increase in pension increase rate	6	8	4,395	210,047
0.5% decrease in real discount rate	6	9	4,530	228,329

Lambeth Pension Fund has not employed an asset-liability matching strategy.

The sensitivity analyses above have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

As noted within the financial statements of the London Borough of Pension Fund, the revaluation of Pension Fund assets within a number of the funds have been obtained by the asset managers using professional valuers as set out in the relevant fund agreements. The outbreak of Covid-19 has impacted global markets and therefore the pension fund has advised that fund managers have reported valuations on the basis of 'material valuation uncertainty', meaning that less weight can be

applied to previous market evidence to inform opinions of value. Consequently, less certainty – and a higher degree of caution – should be attached to valuations of Pooled Property Fund assets than would normally be the case.

Property Valuations

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 during the year, the asset is subject to a full valuation on completion of those works. The valuation in 2020/21 was conducted by Wilks Head and Eve LLP.

The valuers have arrived at their opinion of Existing Use Value - Social Housing, Existing Use Value and Fair Value from referring to recent comparable market transactions. For specialised properties the Value has been measured using Depreciated Replacement Cost methodology.

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.

Revaluation of non-current assets is undertaken by professional valuers as set out in the accounting policies. The outbreak of Covid-19 has impacted global markets and therefore our valuers have advised that potentially less weight can be applied to previous market evidence to inform opinions of value on Retail and specific trading related assets/sectors. Valuations have therefore been reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation of £72m of the Council's property, plant and equipment than would normally be the case.

Impairment on financial assets

IFRS 9 requires that credit losses on financial assets are measured and recognised using the 'expected credit loss (ECL) approach. The ECL approach is used on applicable assets held at amortised cost or FV through other comprehensive income. The ECL approach results in the early recognition of credit losses because it includes, not only losses that have already been incurred, but also expected future credit losses – it is a forward looking model. Where the council identifies an expected credit loss the impairments on appropriate assets are amended where material.

Provisions and Contingent Liabilities

IAS 37: Provisions, Contingent Liabilities and Contingent Assets, determines whether a provision or contingent liability should be recognised in the accounts. The interpretation of the rules is particularly challenging with respect to legal cases as a judgement needs to be made as to the outcome of litigation. The experience of the council's internal legal function is utilised to determine how current legal cases are likely to conclude and the possible financial impact of the outcome of the case.

Critical judgements made in the Statement of Accounts are:

Redress Scheme

In December 2017 the council launched a redress scheme to compensate survivors of sexual, physical and psychological abuse in Lambeth Children's Homes dating back to the 1930s up to the 1990s. The scheme enables compensation to be paid out without using the court system enabling compensation to be paid more quickly and without sums being spent in legal fees. During the 2019/20 financial year the scheme was extended and will be open to new claims until 1 January 2022.

The council received a capitalisation direction from Central Government enabling it to treat payments up to £125m as capital expenditure and fund the costs from external borrowing. The council has set aside a provision for the full amount and each year has reversed the general fund impact of costs incurred on settling claims to the capitalisation direction reserve.

There remains uncertainty in the total value of payments that may be required to be made as a result of the establishment of the redress scheme. The uncertainties in valuing the liability arise from the following factors:

- There is uncertainty in the number of applicants that will make claims to the scheme. Full records are not available of all potentially affected individuals, and it is not known what proportion will make a claim. Information has been utilised where possible from similar international schemes to assess the likely number of claims.
- There is also uncertainty in the value of redress payments that will be awarded to the accepted claims. The scheme comprises two elements: Harms Way Payments which are set amounts dependent on the length of time an individual was resident in a Children's Home, and Individual Redress Payments which are compensation for actual harm incurred following medical and legal review. Assumptions have been made as to the average level of claims that will be made in each category, although an increase in the number of payments or the number of Individual Redress Payments with potentially higher compensation could lead to the level of the liability increasing.

Costs associated with the scheme have been monitored throughout 2020/21, supported by an analysis of the overall scheme's projected costs. The latest assessment is that the overall scheme's total costs based on the experience of claims made to date will be within the £125m.

Insurance Fund

The council holds a fund to act as a means of self-insurance. This is split between a consideration held in provisions to cater for incurred and reported claims where there is a probability that a payment may be required, and a reserve to cater incurred but not reported claims.

Restructures, Redundancies and Termination Benefits

A provision has been made to meet the cost of those staff who have agreed to leave as part of voluntary redundancy arrangements. The provision is based on the annual cost of redundancy arrangements and there are no specific redundancy programmes planned over the next financial year, outside of the Medium Term Financial Strategy Savings Plan at this point in time.

Service Concessions

The council is deemed to control the services provided under PFI agreements as detailed in note 21. The accounting policies for PFI schemes and similar contracts have been applied to the arrangements and the assets recognised as Property Plant and Equipment on the council's Balance sheet. See note 21.

2b. Homes for Lambeth (HFL)

In July 2017 Lambeth Council setup four Limited Companies to deliver housing within the council area. These are called:

HFL GROUP LIMITED
HFL BUILD LIMITED
HFL HOMES LIMITED
HFL LIVING LIMITED

The council is the sole 100% shareholder of the companies. The council has therefore prepared Group accounts which incorporate HFL's figures into the statements.

2c. Post Balance Sheet

There have been no post balance sheet events that have arisen which would require disclosure.

2d. Accounting Standards Issued but not yet adopted

There are no changes in accounting requirements for 2021/22 that are anticipated to have a material impact on the council's financial performance or financial position.

NOTES TO COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

3a. The Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the accounts that shows for each of the council's directorates:

- the amount spent under the council's rules for monitoring expenditure against the funding in the annual budget for the General Fund
- the resources actually consumed in the year as measured by proper accounting practices in the Comprehensive Income and Expenditure Statement

The reasons for differences between the two amounts for each service are explained further in Note 3b.

	2020/21			Net Expenditure in the Comprehensive Income and Expenditure Statement £000	2019/20			Net Expenditure in the Comprehensive Income and Expenditure Statement £000
	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments required to arrive at the Net amount chargeable to the GF & HRA £000	Adjustments between the Funding and Accounting Basis £000		Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments required to arrive at the Net amount chargeable to the GF & HRA £000	Adjustments between the Funding and Accounting Basis £000	
Adults & Health	89,053	0	1,110	90,163	94,140	0	1,939	96,079
Legal, Strategy & Communications	12,649	0	171	12,820	10,894	0	0	10,894
Children's Services	85,258	(6,289)	7,152	86,121	82,828	2,997	16,800	102,625
Corporate Items Cost of Services	24,835	0	19,607	44,442	21,416	(6,091)	14,041	29,366
Finance & Investment	10,616	(712)	4,960	14,864	9,014	0	25,000	34,014
Resident Services	97,958	(9,308)	16,280	104,930	83,813	(8,412)	11,909	87,310
Sustainable Growth & Opportunity	10,946	0	14,395	25,341	4,649	0	560	5,209
Net Cost of Services excl HRA	331,315	(16,309)	63,675	378,681	306,754	(11,506)	70,249	365,497
Housing Revenue Account	534	10,414	(621)	10,327	(739)	(20,768)	(60,179)	(81,686)
Net Cost of Services incl HRA	331,849	(5,895)	63,054	389,008	306,015	(32,274)	10,070	283,811
Other Income and Expenditure	(366,515)	5,895	42,124	(318,496)	(328,917)	32,274	32,298	(264,345)
(Surplus) or Deficit	(34,666)	0	105,178	70,512	(22,902)	0	42,368	19,466
Opening General Fund and HRA Balance 1 April	(188,673)				(165,771)			
Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year	(34,666)				(22,902)			
Closing General Fund and HRA Balance at 31 March*	(223,339)				(188,673)			

*For a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement.

3b. Note to the Expenditure and Funding Analysis

Decisions about resource allocation are taken by the council's Cabinet on the basis of budget reports analysed across departments. For the purpose of the initial budget and reports during the year, these reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisation are charged to services in the CIES)
- the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year

However, in the outturn report, the department analysis for the General Fund is reported using the same accounting policies used to prepare the financial statements, except that expenditure includes a charge for appropriation of schools' net surpluses to an earmarked reserve. General Fund cash limits are adjusted in that report to reflect in full the effect of converting to the accounting policies used in the financial statements so that the conversion has no impact on the departments' performance against their cash limits. HRA amounts are not converted.

The following note breaks down the adjustments between funding and accounting basis by adjustments for capital purposes, pensions and other adjustments.

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure amounts	2020/21				2019/2020			
	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults & Health	1,110	0	0	1,110	1,939	0	0	1,939
Legal, Strategy & Communications	171	0	0	171	0	0	0	0
Children's Services	6,678	0	474	7,152	16,800	0	0	16,800
Corporate Items Cost of Services	20,531	(1,382)	458	19,607	2,693	11,348	0	14,041
Finance & Investment	4,960	0	0	4,960	25,000	0	0	25,000
Housing Revenue Account	(381)	(257)	17	(621)	(61,558)	1,379	0	(60,179)
Resident Services	16,280	0	0	16,280	11,909	0	0	11,909
Sustainable Growth & Opportunity	14,395	0	0	14,395	560	0	0	560
Net Cost of Services	63,744	(1,639)	949	63,054	(2,657)	12,727	0	10,070
Other income and expenditure from the Expenditure and Funding Analysis	(4,099)	13,197	33,026	42,124	6,145	18,888	7,265	32,298
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	59,645	11,558	33,975	105,178	3,488	31,615	7,265	42,368

4. Expenditure & Income Analysed by Nature

	2020/21	2019/20
	£'000	£'000
Expenditure		
Employee benefits expenses	380,388	380,645
Other services expenses	746,419	810,321
Depreciation, amortisation, impairment	110,620	14,119
Interest payments	34,738	37,394
Precepts and levies	3,894	3,915
Payments to Housing Capital Receipts Pool	4,093	28,262
Loss/(Gain) on the disposal of assets	3,898	(9,523)
Impairments on Receivables	13,087	12,261
Impairment Losses / (Gains) on Investments	(55)	3,759
Total expenditure	1,297,082	1,281,153
Income		
Fees, charges and other service income	(253,559)	(288,622)
Interest and investment income	(993)	(899)
Income from council tax, non-domestic rates	(223,782)	(271,196)
Government grants and contributions	(748,236)	(700,970)
Total income	(1,226,570)	(1,261,687)
Surplus or Deficit on the Provision of Services	70,512	19,466

5. Material Items of Income and Expense

Revaluation Losses

In 2020/21 there was a total net revaluation loss of £48.3m to the surplus / deficit on provision of services. This consisted of a net £7.1m loss recorded in the HRA due to a downward revaluation on dwelling stock and a £41.2m net revaluation loss recorded in the General Fund.

In 2019/20 there was a total net revaluation gain of £48.9m to the surplus / deficit on provision of services. This consisted of a net £55.5m gain recorded in the HRA due to an upwards revaluation on dwelling stock, and a £6.6m net revaluation loss recorded in the General Fund.

Redress Scheme

The council included a provision of £100m in the 2017-18 accounts, increased by a further £25m in 2019/20, to fund payments for compensation for historic child abuse under the council's redress scheme. Costs associated with the scheme are recorded within the Finance & Investment directorate within the net cost of services within the Comprehensive Income and Expenditure Statement and then charged against the capitalisation direction reserve. The council has utilised £93.2m to date, with £8.7m of this being utilised in 2020/21 (£67.8m in 2019/20).

6. Members' Allowances

	2020/21	2019/20
	£'000	£'000
Members' Allowances	751	752
Special Responsibility Allowance	481	468
Members' Expenses	0	0
Total	1,232	1,220

7a. Senior Officers' Remuneration

The remuneration paid to the authority's senior employees is as follows:

Name and Title	Notes	Year	Salary, Fees & Allowances	Expense Allowances	Redundancy / Severance payments	Total Remuneration excl employers' pension contributions	Employers' pension contributions	Election Payment (incl pension)	Total Remuneration incl employers' pension contributions
			£	£	£	£	£	£	£
Andrew Travers	1	2020/21	185,000	0	0	185,000	0	0	185,000
Chief Executive		2019/20	185,000	0	0	185,000	33,855	0	218,855
Fiona McDermott	2	2020/21	165,962	0	0	165,962	0	0	165,962
Strategic Director: Finance and Investment		2019/20	87,041	0	0	87,041	0	0	87,041
Strategic Director, Corporate Resources	3	2020/21	0	0	0	0	0	0	0
		2019/20	6,934	0	25,000	31,934	21,497	0	53,431
Bayo Dosunmu	4	2020/21	165,962	0	0	165,962	32,031	0	197,993
Strategic Director: Resident Services		2019/20	105,943	0	0	105,943	19,388	0	125,331
Strategic Director – Housing, Regeneration & Environment	5	2020/21	0	0	0	0	0	0	0
		2019/20	9,355	0	10,000	19,355	0	0	19,355
Strategic Director: Integrated Health and Adult Care	6	2020/21	74,400	0	0	74,400	10,618	0	85,019
		2019/20	36,547	0	0	36,547	5,255	0	41,802
Fiona Connolly	7	2020/21	150,356	0	0	150,356	29,019	0	179,375
Executive Director Adult Social Care		2019/20	152,140	0	0	152,140	27,842	0	179,982
Merlin Joseph	8	2020/21	172,909	0	0	172,909	33,371	0	206,281
Strategic Director of Children's Services		2019/20	0	0	0	0	0	0	0
Annie Hudson	9	2020/21	31,489	0	0	31,489	0	0	31,489
Strategic Director - Children's Services		2019/20	169,843	0	0	169,843	0	0	169,843
Strategic Director - Sustainable Growth & Opportunity (Job Share)	10	2020/21	99,577	0	0	99,577	19,218	0	118,796
		2019/20	45,245	0	0	45,245	8,280	0	53,524
Strategic Director - Sustainable Growth & Opportunity (Job Share)	10	2020/21	99,577	0	0	99,577	19,218	0	118,796
		2019/20	45,245	0	0	45,245	8,280	0	53,524
Interim Strategic Director: Sustainable Growth	11	2020/21	0	0	0	0	0	0	0
		2019/20	98,740	0	0	98,740	0	0	98,740
Christina Thompson	12	2020/21	136,500	0	0	136,500	22,471	0	158,971
Director Finance and Property		2019/20	141,656	0	0	141,656	25,923	0	167,579
The Director of Public Health		2020/21	110,116	0	0	110,116	21,252	0	131,368
		2019/20	107,169	0	0	107,169	19,612	0	126,781
Alison McKane	13	2020/21	88,737	0	0	88,737	16,135	0	104,872
Director: Legal and Governance		2019/20	122,045	0	0	122,045	22,334	0	144,379
Tasnim Shawkat	14	2020/21	57,500	0	0	57,500	0	0	57,500
Interim Director: Legal and Governance		2019/20	0	0	0	0	0	0	0

Name and Title	Notes	Year	Salary, Fees & Allowances £	Expense Allowances £	Redundancy / Severance payments £	Total Remuneration excl employers' pension contributions £	Employers' pension contributions £	Election Payment (incl pension) £	Total Remuneration incl employers' pension contributions £
Director: Strategy & Communications	15	2020/21	99,271	0	0	99,271	19,159	0	118,430
		2019/20	69,823	0	0	69,823	12,778	0	82,600
Christopher Toye Head Teacher -Ashmole, Vauxhall, Herbert Morrison and Wyvil Schools	16	2020/21	169,346	0	0	169,346	0	0	169,346
		2019/20	182,531	0	0	182,531	0	0	182,531
Gary Phillips Headteacher: Lilian Baylis School		2020/21	125,455	0	0	125,455	29,708	0	155,162
		2019/20	120,667	0	0	120,667	25,018	0	145,685
Linda Adams Headteacher: Turney School		2020/21	129,454	0	0	129,454	30,655	0	160,108
		2019/20	123,999	0	0	123,999	25,693	0	149,692

* Salary, fees and allowances include amounts considered for tax in the year it was paid and may include adjustments for payments relating to prior years

1. Andrew Travers opted out of the pension fund on 1st April 2020.
2. Fiona McDermott started with the council on 17th September 2019.
3. Strategic Director, Corporate Resources left the council on 31st December 2018. These costs are balance of exit payments.
4. Bayo Dosunmu started on 5th August 2019 and was Interim Strategic Director – Resident Services before that.
5. The Strategic Director – Housing, Regeneration & Environment left the council on 31st December 2018. These costs are balance of exit payments.
6. The Strategic Director: Integrated Health and Care started on 1st October 2019. Costs are shared with Lambeth CCG - these values are the council's share.
7. Fiona Connolly started as Executive Director Adult Social Care from October 2019 and acted up as Strategic Director of Adults & Health before that.
8. Merlin Joseph started with the council on 16th March 2020. This amount includes earnings accrued in March 2020 and paid after 1st April 2020.
9. Annie Hudson left that role on 31st March 2020, however remained as a part-time Consultant until 21st December 2020.
10. Strategic Director - Sustainable Growth & Opportunity (Job Share) started with the council on 30th September 2019
11. The Interim Strategic Director - Sustainable Growth & Opportunity left the council on 8th December 2019.
12. Christina Thompson acted as Strategic Director of Finance from 1st January 2019 to 30th September 2019.
13. Alison McKane left the council on 30 November 2020.
14. Tasnim Shawkat started on 1st November 2020. The role is shared with Westminster City Council. Lambeth Council is invoiced for a share of the costs.
15. The Director: Strategy & Communications started on 1st September 2019.
16. Christopher Toye was overpaid in 2019/20 and this overpayment was recouped in 2020/21.

7b. Remuneration Details – Higher Earners

The remuneration of the council's other employees receiving £50,000 or more, excluding pension contributions, is shown below in bands of £5,000. Due to pay inflation, the number of individuals falling within the scope of this disclosure increases each year. This note excludes those disclosed in the previous note.

Remuneration band	Number of school employees		Number of other employees		Total number of employees	
	2020/21	2019/20	2020/21	2019/20*	2020/21	2019/20*
£50,000 - £54,999	248	194	183	112	431	306
£55,000 - £59,999	101	102	80	42	181	144
£60,000 - £64,999	74	90	55	63	129	153
£65,000 - £69,999	46	30	52	27	98	57
£70,000 - £74,999	29	22	9	16	38	38
£75,000 - £79,999	19	12	28	8	47	20
£80,000 - £84,999	14	17	11	10	25	27
£85,000 - £89,999	8	9	14	14	22	23
£90,000 - £94,999	16	6	6	4	22	10
£95,000 - £99,999	2	7	1	1	3	8
£100,000 - £104,999	5	7	4	1	9	8
£105,000 - £109,999	4	4	2	2	6	6
£110,000 - £114,999	7	5	3	3	10	8
£115,000 - £119,999	2	0	3	1	5	1
£120,000 - £124,999	1	2	2	0	3	2
£125,000 - £129,999	0	1	2	1	2	2
£130,000 - £134,999	0	0	0	1	0	1
£135,000 - £139,999	1	0	0	0	1	0
Total for £50,000 to £139,999	577	508	455	306	1,032	814

* In last year's Statement of Accounts HFL employees were included in this note. This year, they are excluded from this note, and are disclosed separately in the Group Accounts notes. The 2019/20 columns above have been adjusted accordingly.

7c. Exit Packages

Exiting Package cost band (including special payments) £	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	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	£	£
0 – 20,000	15	13	56	92	71	105	641,663	783,619
20,001 – 40,000	37	13	12	8	49	21	1,091,720	544,759
40,001 – 60,000	3	1	0	3	3	4	128,185	183,178
60,001 – 80,000	2	1	2	3	4	4	141,717	289,672
Total	57	28	70	106	127	134	2,003,285	1,801,228

This note includes employees who received exit packages payments in 2020/21, even if their redundancy was agreed in the previous financial year.

8. External Audit Costs

The council has incurred the following costs in relation to the audit of the Statement of Accounts performed by Mazars and the certification of grant claims performed by KPMG:

	2020/21	2019/20*
	£'000	£'000
Fees with regard to external audit services carried out by the appointed auditor for the year	179	182
Fees for the certification of grant claims and returns for the year	41	41
Total	220	223

*2019/20 figures have been restated. External audit services previously disclosed as £176k have been updated to include an additional £6k fee for unplanned work. Fees for the certification of grant claims and returns previously disclosed as £30k have been updated to include £11k for certifying returns for Teachers' Pensions and for Pooling of Housing Capital Receipts.

9. Grant Income, Contributions and Taxation

9a. Capital Grants and Contributions

The council credited the following capital grants and contributions to the Comprehensive Income and Expenditure Statement in 2020/21: -

Credited to Taxation and Non Specific Grant Income	2020/21 £'000	2019/20 £'000
Big Lottery Fund	(368)	0
Transport for London	(3,829)	(2,969)
Section 20 Receipts	(3,964)	(4,840)
Standard Fund	(4,374)	(4,432)
S106 developers' contributions	(2,082)	(3,538)
GLA	(577)	(4,933)
Community Infrastructure Levy*	(2,078)	0
Other Grants - Capital (under £1.5m)	(764)	(2,788)
Total Taxation and Non Specific Grant Income	(18,036)	(23,500)

Credited to Services	2020/21 £'000	2019/20 £'000
Big Lottery Fund	0	(555)
Standards Fund	(58)	(112)
S106 developers' contributions	(80)	(14)
GLA	(196)	0
Other Grants-Capital (under 1.5m)	(1,049)	(1,364)
Total Credited to Services	(1,383)	(2,045)

Grand Total	(19,419)	(25,545)
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*In 2019/20 Community Infrastructure Levy income in year was offset by credit notes that were raised refunding the prior year's income, because of developments not proceeding as planned.

9b. Breakdown of Taxation and Non-Specific Grant Income

	2020/21 £'000	2019/20 £'000
Capital grants and Contributions – other (see note 9a)	(18,036)	(23,500)
Council Tax income	(131,331)	(123,360)
NNDR Retained Income	(27,206)	(82,065)
NNDR S31 Grant	(33,897)	(17,664)
Top-Up grant – business rates retention scheme	(65,246)	(65,771)
Revenue Support Grant	(32,207)	(374)
Other Non-service related grants (see note 9c)	(82,432)	(45,667)
Taxation and Non-Specific Grant Income	(390,355)	(358,401)

9c. Other Revenue Grant Income

The council credited the following other revenue grants to the Comprehensive Income and Expenditure Statement: -

Credited to Taxation and Non Specific Grant Income	2020/21 £'000	2019/20 £'000
Adult Social Care Support	(9,338)	(2,578)
Community Infrastructure Levy	(144)	(1,502)
Contain Outbreak Management Fund	(6,241)	0
Covid-19 Additional Funding	(22,142)	(10,703)
Covid-19 Hardship Fund	(3,095)	0
Discretionary Grants Fund	(2,860)	0
Housing Benefit Admin Subsidy	(1,870)	(1,925)
Improved Better Care Fund	(14,507)	(14,507)
New Homes Bonus & New Homes Bonus Top Slice	(8,209)	(8,040)
Sales, Fees and Charges Compensation (Covid income loss)	(8,561)	0
Tackling Troubled Families	(1,837)	(2,248)
Grants Under £1.5m	(3,628)	(4,164)
Total Credited to Taxation and Non Specific Grant Income	(82,432)	(45,667)
Additional Grant for Schools	(2,263)	(1,235)
Adult and Community Learning	(2,947)	(1,543)
Adult Social Care Infection Control Fund	(3,936)	0
Dedicated Schools Grant	(217,650)	(211,058)
Discretionary Housing Payment	(1,549)	(1,330)
Housing Benefit Subsidy	(177,526)	(187,414)
JCP Flexible Support Grant	(5,062)	(4,150)
PFI Lilian Baylis PFI Project - DfE Grant	(1,931)	(1,931)
PFI Support Grant Income - Lambeth Myatts Field North HRA PFI Project	(7,728)	(7,729)
PFI Support Grant Income – Other	(2,786)	(2,671)
Public Health Grant	(32,451)	(30,580)
Pupil Premium	(11,990)	(12,614)
Teachers' Pay Grant	(1,778)	(1,517)
Teachers' Pension Grant	(5,370)	(2,946)
Unaccompanied Children's Grant	(3,343)	(2,366)
Universal Infant Free School Meals	(2,906)	(3,297)
YPLA (LSC) 6th Form Grant	(5,670)	(5,252)
Other Covid-19 grants below £1.5m	(4,331)	0
Other government grants - Revenue (under £1.5m)	(11,202)	(7,153)
Non-government grants - Revenue	(337)	(186)
Better Care Fund - S75 Pooled Budget	(10,988)	(10,449)
Contributions from health authorities	(34,123)	(19,461)
Section 106	(2,219)	(2,782)
Other contributions income for schools	(6,734)	(6,493)
Other contributions under £1.5m	(7,332)	(8,879)
Total Credited to Services (Grants and Contributions)	(564,152)	(533,036)
Grand Total	(646,584)	(578,703)

10. Related Parties

This disclosure note has been prepared using the council's Register of Members' Declarations of Interest respect of related party transactions from Members and using specific declarations obtained in respect of related party transactions from Chief Officers. The council is required to disclose material transactions with related parties - bodies and individuals that have the potential to control or influence the council or to be controlled or influenced by the council. There were no outstanding balances at the 31 March 2021 unless otherwise stated.

Central Government

Central government has effective 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 its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. council tax bills and housing benefits). Details of transactions with government departments are set out in note 9. Revenue and capital grants which have not yet been credited to the Comprehensive Income and Expenditure Statement are shown in notes 16 and 18 to the balance sheet respectively. Other amounts due to or from central government at the relevant balance sheet dates are included in the figures in notes 14 and 15.

Members

Members of the council have direct control over the council's financial and operating policies. During 2020/21 £6.4m (£4.2m in 2019/20) was paid to organisations in which 15 members (17 members in 2019/20) were on the governing body.

Organisation	Payments made during 2020-2021 £'000
Black Cultural Archives	180
Clapham Common Management Advisory Committee	3
Clapham Park Project	37
HFL Build Limited	2,721
HFL Group Limited	34
Lambeth Food Partnership Ltd	4
Local Government Association	91
London Councils	2,199
London Youth Games Ltd	8
SW9 Community Housing	28
The Black Prince Trust	42
Vauxhall One	1,005
WATMOS Community Homes	2
The Young Vic Theatre	
Brockwell Park Strategic Partnership Board	
The Walcot Foundation	
We Are Waterloo	
Total	6,354

During 2020/21 £0.3m (£0.4m in 2019/20) was received from organisations in which 12 members (12 members in 2019/20) were on the governing body. These figures are excluding the Western Riverside Waste Authority transactions which are shown in the next section of this note. It also excludes transactions with NHS bodies.

Details of all these relationships are recorded in the Register of Members' Interests or the List of Council's Representatives on Other Bodies and outside organisations which are open to public inspection at Lambeth Town Hall during office hours. Further information is available in note 6 on allowances paid to members.

Other Public Bodies

In addition, the council paid £13.7m (£14.2m in 2019/20) to Western Riverside Waste Authority in respect of waste disposal charges and £1.2m (£1.3m in 2019/20) in respect of levies.

Amounts due to or from other local authorities at the relevant balance sheet dates are included in the figures in notes 14 and 15.

The council has borrowing (including accrued interest) of £648.7m (£598.7m in 2019/20) with the Public Works Loan Board (PWLB). Interest payable on these loans was £26.3m (£24.4m in 2019/20). The Waste Authority and PWLB are under common control of central government.

Material transactions with the Pension Fund are disclosed in the Pension Fund accounts. The Fund owed the council £1.11m as at 31 March 2021 (£0.38m as at 31 March 2020). During the year, no trustees or Council Chief Officers with direct responsibility for the Pension Fund have undertaken transactions with the Pension Fund. The council charged the Fund £1.12m (£1.26m in 2019/20) for expenses incurred in administering the Fund. Further details are in the Pension Fund accounts.

Wholly owned Subsidiaries

In July 2017 Lambeth Council setup four Limited Companies to deliver housing within the council area.

These are called:

HFL GROUP LIMITED
HFL BUILD LIMITED
HFL HOMES LIMITED
HFL LIVING LIMITED

The council is the sole 100% shareholder of the companies. Group accounts have been prepared incorporating HFL Group Limited as at 31st March 2020.

In April 2019, HFL Group Limited issued 80,000,000 shares of 10p, in consideration of a head lease for 70 council level rent properties at Lollard Street, the market value of which is £8,000,000 and is reflected as a LT investment in the Council's financial statements. The company granted a sublease of these properties to HFL Homes.

In 2020/21 HFL Group Limited and its subsidiaries billed Lambeth for £2.3m (£2.7m in 2019/20). This included £1.6m for small sites and estates regeneration preparatory work, £0.5m for the refurbishment of former leasehold homes in preparation for the homes being let on Assured Shorthold Tenancies or for use as Temporary Accommodation and £0.1m for resident engagement services.

In 2020/21 Lambeth charged the HFL companies a total of £0.9m (£0.8m in 2019/20). £0.6m of this relates to rental income from Assured Shorthold Tenancies (credited to Corporate Items) and £0.2m to Planning income (credited to Sustainable Growth & Opportunity).

In 2020/21 Lambeth issued £12.1m of loans to HFL Group Limited and its subsidiaries (£2.2m in 2019/20). Total interest charges for the year on all loans was £0.3m (2019/20 £0.1m). The outstanding balance of loans at 31 March 2021 was £15.5m.

At 31 March 2021 Lambeth had £1.0m recorded in its Balance Sheet as short term debtors relating to transactions from HFL companies.

The directors in office for HfL Group, as at 31st March 2021 are as follows:

Directors of HFL Group Limited	Date of Appointment
Wendy Stokes	31/07/2018
David Amos	31/10/2018
Ivor Davenport	15/05/2019
Richard Stevens	15/09/2019
Thomas Branton	01/12/2020
Fiona McDermott	01/12/2020
Neil Euesden	01/12/2020
Caroline Pillay	10/12/2020
Jitinder Takhar	12/04/2021

11. Better Care Fund (Pooled Budget)

The council entered into a pooled budget arrangement with Lambeth Clinical Commissioning Group (CCG) in 2014/15. This ongoing agreement is for the provision of services to improve the health and wellbeing of the people living in Lambeth and is extended annually. Services provided through this pooled fund cover mental and physical health, care and support for carers, and are focused on enabling people to recover quickly following a hospital stay, improving mental health care and staying independent.

The arrangement is made in accordance with Section 75 (S75) of the National Health Service Act 2006 and any surplus or deficit generated will be the responsibility of the respective partner to whom it is attributed. The pooled budget includes all income and expenditure relating to the Better Care Fund (BCF), whether funded by the local authority or the NHS. It is hosted by Lambeth Council, however not all transactions pass through the council's accounting system.

	2020/21 £'000	2019/20 £'000
Funding provided to the pooled budget		
Lambeth Council	(15,986)	(15,986)
CCG	(26,416)	(25,882)
Total funding provided to the pooled budget	(42,402)	(41,868)
Expenditure made out of pooled budget		
Lambeth Council	26,974	26,435
CCG	15,428	15,433
Total expenditure met from the pooled budget	42,402	41,868
Net surplus / deficit arising on the pooled budget during the year	0	0

NOTES TO THE BALANCE SHEET

12a. Property, Plant and Equipment

Balances as at 31 March 2021	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation	2,266,631	1,207,656	114,506	268,041	8,955	75,425	84,523	4,025,737
Accumulated Depreciation	(8,810)	(1,266)	(77,519)	(114,363)	0	(288)	0	(202,246)
Carrying Amount	2,257,821	1,206,390	36,987	153,678	8,955	75,137	84,523	3,823,491

Owned	2,218,940	1,151,485	36,987	141,113	8,778	75,137	84,523	3,716,963
PFI	38,881	54,905	0	12,565	177	0	0	106,528
Carrying Amount	2,257,821	1,206,390	36,987	153,678	8,955	75,137	84,523	3,823,491

Movements in Carrying Amount	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2020	2,254,295	1,301,970	59,965	152,752	7,382	41,957	50,266	3,868,587
Reclassifications	17,522	(61,994)	(17,820)	0	0	55,881	6,411	0
Additions	30,167	28,352	6,483	11,390	1,590	215	27,846	106,043
Revaluation gains/(losses) recognised in the revaluation reserve	(7,197)	(7,657)	0	0	(17)	(6,665)	0	(21,536)
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	(7,053)	(25,433)	0	0	0	(15,801)	0	(48,287)
Depreciation	(26,303)	(14,225)	(8,661)	(10,464)	0	(450)	0	(60,103)
Impairments recognised in the revaluation reserve	(70)	(1,067)	0	0	0	0	0	(1,137)
Impairments recognised in the surplus / deficit on the provision of services	(125)	(136)	0	0	0	0	0	(261)
Disposals and Decommissioning	(3,415)	(12,980)	(2,980)	0	0	0	0	(19,375)
Assets reclassified (to) / from Held for Sale	0	(440)	0	0	0	0	0	(440)
At 31 March 2021	2,257,821	1,206,390	36,987	153,678	8,955	75,137	84,523	3,823,491

Balances as at 31 March 2020	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation	2,254,362	1,312,555	155,199	256,650	7,382	42,088	50,266	4,053,562
Accumulated Depreciation	(67)	(10,585)	(95,234)	(103,898)	0	(131)	0	(209,915)
Carrying Amount	2,254,295	1,301,970	59,965	152,752	7,382	41,957	50,266	3,843,647

Owned	2,215,287	1,249,552	57,219	139,754	7,205	41,957	50,266	3,737,105
PFI	39,008	52,418	2,746	12,998	177	0	0	106,542
Carrying Amount	2,254,295	1,301,970	59,965	152,752	7,382	41,957	50,266	3,843,647

Movements in Carrying Amount	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2019	2,147,366	1,227,516	51,486	152,450	6,507	23,042	61,946	3,670,313
Reclassifications	(5,756)	29,702	0	0	0	8,224	(32,170)	0
Additions	36,322	68,285	14,528	11,507	875	1,144	20,594	153,255
Revaluation gains/(losses) recognised in the revaluation reserve	60,067	16,373	92	0	0	360	0	76,892
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	45,230	(7,467)	(23)	0	0	11,107	0	48,847
Depreciation	(24,510)	(17,308)	(6,118)	(11,205)	0	(203)	0	(59,344)
Impairments recognised in the revaluation reserve	(164)	(4,682)	0	0	0	0	0	(4,846)
Impairments recognised in the surplus / deficit on the provision of services	(301)	(2,035)	0	0	0	(80)	(104)	(2,520)
Disposals and Decommissioning	(3,959)	(8,414)	0	0	0	(1)	0	(12,374)
Assets reclassified (to) / from Held for Sale	0	0	0	0	0	(1,636)	0	(1,636)
At 31 March 2020	2,254,295	1,301,970	59,965	152,752	7,382	41,957	50,266	3,868,587

12b. Property, Plant & Equipment valuation dates

The following table gives a breakdown of the net book values above between assets held at historic cost and assets held at current value, indicating how much of this is for assets valued in each of the last five financial years, including 2020/21.

Balances as at 31 March 2021	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	0	0	36,987	153,678	8,955	0		199,620
Valued at current value as at:								
31 March 2016	0	3,835	0	0	0	0		3,835
31 March 2017	0	112	0	0	0	0		112
31 March 2018	60	524	0	0	0	7,852		8,436
31 March 2019	0	20,303	0	0	0	8,228		28,531
31 March 2020	200	38,706	0	0	0	2,008		40,914
31 March 2021	2,257,561	1,142,910	0	0	0	57,049		3,457,520
Total cost or valuation	2,257,821	1,206,390	36,987	153,678	8,955	75,137		3,738,968

12c. Intangible Assets

The council accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include only purchased licenses. The value of the licences held by the council is immaterial and is written off on a straight-line basis over the estimated useful life of four years. The charge is in Cost of Services within the CIES.

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

	31 March 2021	31 March 2020
	Software Licences	Software Licences
	£'000	£'000
Balance at start of year:		
· Gross carrying amounts	14,778	14,601
· Accumulated amortisation	(12,035)	(10,933)
Net carrying amount at start of year	2,743	3,668
Additions:		
· Purchases	1,626	177
· Amortisation for the period	(1,971)	(1,102)
Net carrying amount at end of year	2,398	2,743
Comprising:		
· Gross carrying amounts	16,404	14,778
· Accumulated amortisation	(14,006)	(12,035)
Balance at end of year	2,398	2,743

12d. Capital Expenditure and Capital Financing

Capital Financing Requirement	31 March 2021	31 March 2020
	£'000	£'000
Opening Capital Financing Requirement	1,026,581	886,828
Capital Investment		
Property, Plant and Equipment	106,043	153,255
Heritage Assets	462	541
Intangible Assets	1,626	177
Revenue Expenditure Funded from Capital under Statute	9,757	72,194
Investments	0	13,000
Sources of Finance		
141 Capital Receipts	(1,071)	(6,230)
Capital Receipts	(7,580)	(20,526)
Government grants and other contributions	(14,144)	(19,529)
Major Repairs Reserve	(32,844)	(29,741)
Section 20	(2,430)	(5,627)
S106 contributions	(2,163)	(3,552)
Community Infrastructure Levy	(3,954)	(7,215)
Direct revenue contributions	(264)	0
Sums set aside from revenue	(1,587)	(934)
MRP / loans principal	(7,611)	(6,060)
Closing Capital Financing Requirement	1,070,821	1,026,581
Explanation of movements in year		
Increase / (decrease) in underlying need to borrow	44,240	139,753
Increase / (decrease) in Capital Financing Requirement	44,240	139,753

12e. Capital Commitments

	31 March 2021 £'000	31 March 2020 £'000
Finance & Investment	0	10,696
Resident Services (GF)	27,858	6,467
Resident Services (HRA)	23,612	39,513
Sustainable Growth & Opportunity	6,794	25,769
Total	58,264	82,445

The figures in the note above are based on outstanding purchase order amounts.

The largest capital commitments within Resident Services (GF) are for Lambeth Archives, the new build of an Adult Day Centre, Sudbourne School and a Waste and Cleansing Fleet Replacement programme. Somerleyton Road works are the largest capital commitment within Sustainable Growth & Opportunity. The HRA includes LHS works and expenditure relating to Fire Risk Assessment works.

12f. Assets Held for Sale

	Current	
	31 March 2021 £'000	31 March 2020 £'000
Balance at start of year	1,636	2,150
Assets sold	(1,636)	(2,150)
Assets Reclassified as Assets Under Construction	0	0
Revaluations	0	0
Assets newly classified as held for sale:		
Property, Plant and Equipment	440	1,636
Balance at year-end	440	1,636

12g. Heritage Assets

Heritage assets held by the council, principally for their contribution to knowledge or culture, comprise the following: -

- **Historic Buildings** - The Brixton Windmill, built in the 19th century, has been restored to its original condition.
- **Art Collection** - Includes a granite sculpture and permanent oak sculptures, part of an ongoing programme of regeneration.
- **Water Features** – Include a number of drinking fountains in need of refurbishment
- **Memorials** – Include sculptures and statues in several Lambeth Parks

They are recognised and measured in accordance with the council's accounting policies on property, plant and equipment. There are some heritage assets held at zero value because the cost of obtaining a valuation would outweigh the benefit to users of the accounts.

13a. Financial Instruments

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£'000	£'000	£'000	£'000
Rents	0	0	(11,244)	(8,218)
Right to buy service charges and s20 creditors	0	0	(6,821)	(6,146)
Other payables	0	0	(132,525)	(129,838)
Short-term Borrowing – PWLB	0	0	(7,081)	(7,074)
Short-term Creditors – IFRIC 12	0	0	(4,729)	(5,378)
Long-term Borrowing – PWLB	(641,658)	(591,658)	0	0
Long-term Borrowing – Housing Zone Loan	(9,625)	0	0	0
Long-term Creditors – IFRIC12	(86,009)	(90,739)	0	0
Total Financial Liabilities at Amortised Cost	(737,292)	(682,397)	(162,400)	(156,654)
Rents	0	0	14,043	13,148
Right to buy service charges and S20 works	0	0	19,556	22,634
Other receivables	0	0	58,404	67,309
Long-term Debtors	16,245	4,057	0	0
LT Investments -FVPL	26,296	26,241	0	0
LT Investments - Other	8,000	8,000	10,046	35,288
Total Financial Assets at Amortised Cost unless otherwise stated above	50,541	38,298	102,049	138,379

The balances on both the non-current and current categories of financial liabilities does not include all elements of creditors. The reason for exclusions is that some sections of creditors relate to statutory functions, not contractual arrangements and therefore do not meet the definition of a financial instrument or is deferred income.

Similarly, and for the same reason, the balance on financial liabilities and financial assets consists of short-term loans and excludes some elements of debtors.

All liabilities arising from financing activities, as shown above are from cash flows.

13b. Impairment (credit) losses on receivables

Reconciliation of Allowance for Credit Account (Provision for doubtful debts)	Rent Debtors	Sundry Debtors	RTB and S20 Leaseholders	Parking Debtors	Total
	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2019	(9,354)	(9,584)	(3,250)	(11,220)	(33,408)
Write-offs	595	179	0	4,659	5,433
Set up/Release	(1,912)	(2,072)	0	(4,629)	(8,613)
Balance as at 31 March 2020	(10,671)	(11,477)	(3,250)	(11,190)	(36,588)
Write-offs	615	751	3,964	5,304	10,634
Set up/Release	(2,310)	(831)	(1,710)	(7,497)	(12,348)
Balance as at 31 March 2021	(12,366)	(11,557)	(996)	(13,383)	(38,302)

13c. Income, Expense, Gains and Losses

Details of the council's income and expenditure in relation to interest payable and receivable

	2020/21	2019/20
	£'000	£'000
Interest Receivable	(993)	(899)
Interest Payable	34,738	37,394
Impairment Loss on financial assets	(12,349)	(8,613)
Total	21,396	27,882

13d. Fair Values of Assets and Liabilities

The fair value of PWLB debt has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments discounted by interest rates at the balance sheet date based on PWLB redemption interest rates advised on PWLB. Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value. The fair value of trade and other receivables and payables is taken to be the invoiced or billed amount. Liabilities arising from service concession arrangements and finance leases are calculated on the life of the arrangement or lease using the implicit rate of interest in the lease. The liability is therefore assumed to be approximate to fair value. Trade and other receivables and payables and liabilities arising from service concession arrangements and finance leases have therefore not been included in the table below.

	31 March 2021		31 March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Financial assets – Resonance Fund investment *	26,296	26,296	26,241	26,241
Financial liabilities – PWLB debt	(641,658)	(1,133,659)	(591,658)	(1,242,072)
Financial liabilities – Housing zone loan	(9,625)	(9,625)	0	0

Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur

Level 1 - those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - those where quoted market prices are not available;

Level 3 - those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following table provides an analysis of the financial assets assessed as level 3, based on the level at which the fair value is observable.

Reconciliation of Fair Value Measurements within Level 3	Market Value 31 March 2021	Unrealised gain	Market Value 31 March 2020
	£'000	£'000	£'000
*Long Term Investment	26,296	55	26,241

The carrying amount of the Resonance Fund investment is the same as the fair value because it is held in the balance sheet at 'fair value through profit + loss'. The £55k gain resulting from this valuation (valuation dated 31st March 2021) is recognised in Financing & Investment income / expenditure for 2020/21 in the CIES (£3,759k loss in 2019/20). It does not impact the general fund balance as it is reversed through the MIRS as an adjustment between accounting and funding basis under regulations.

All other financial assets are held at amortised cost unless otherwise annotated in the tables above.

The fair value of the liabilities for PWLB debt is higher than the carrying amount because the council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates for similar loans at the Balance Sheet date.

This commitment to pay interest above the market increases the amount the council would have to pay if the PWLB agreed to early repayment of the loans.

A liability has been recognised in 2020/21 for a £10m interest free loan (Housing Zone loan) received in instalments between March 2018 and March 2020. In accordance with the code of practice, the value of the non-payable interest has been deducted from the loan balance and accounted for as grant income to be recognised in each year to offset interest which will accrue annually, being added to the loan balance until it reaches the £10m to be repaid in March 2023.

13e. Nature and Extent of Risks Arising from Financial Instruments

The council has put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of its treasury activities. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003, and associated regulations, which require the council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. The council, in complying with this framework, acknowledges that effective management and control of risk are the prime objectives of its treasury management activities and responsibility for these lie

clearly within the organisation. The key policy documents including the council's Treasury Management Strategy as approved by full Council are available on the council's website.

Credit risk:

Credit risk principally arises on deposits with bank and other financial institutions in relation to deposits. The risk is mitigated through the council's treasury management strategy. This requires that:

- Deposits are made with banks and other financial institutions that have been rated by independent credit rating agencies with a minimum score of BBB-.
- Deposits can be made with other institutions that have not found it necessary to maintain a credit rating e.g. certain building societies and local authorities, subject to an assessment of risk that is carried out internally. Deposits to these bodies are limited to a percentage of the asset value of the institution.
- No more than £20 million is held with any one institution, regardless of standing or duration, except for the council's main bank (NatWest) and the government DMADF facility. A range of counterparties are used to diversify and spread risk.

The council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the council's deposits but there was no evidence at 31 March 2020 that this was likely to crystallise. Deposit protection arrangements as outlined in the council's Treasury Management Strategy will limit any losses that may arise.

The council's external Treasury advisors have valued the council's fixed term deposits (maturity investments) by comparison of the fixed term investment with a comparable investment with the same/similar lender for the remaining period of the deposit. For loans from the PWLB, they have provided fair value estimates using redemption discount rates.

The council has a low credit risk arising from other financial assets. The council has an investment in the Resonance Fund, and it is renewable every 7 years. It is for the provision of accommodation for residents. This is deemed low risk as the investments are tied to specific properties and the council is carrying the investments at fair value on its balance sheet. Debtors are not subject to internal credit rating and expected credit losses are calculated using provision matrices based on historical data for defaults. Impairments on receivables are outlined in note 13b.

13f. Term deposits with banks and financial institutions

Term deposits with banks and financial institutions	31 March 2021 £'000	31 March 2020 £'000
Investments with Banks	15,178	178
Investments with Building Societies	0	35,000

The authority has UK Banks on its lending list and the limits are set out in the Annual Treasury Strategy Report approved by the authority. The figure above shows the maximum exposure for all banks at that date. Building Societies on the counterparty list are ranked based on level of assets held. The list and risk is reviewed based on the market indicators available.

13g. Analysis by Maturity

Book Value of Borrowing	31 March 2021 £'000	31 March 2020 £'000
Maturing in 1 to 10 years (incs HomeZone – see 13a. above)	95,982	86,357
Maturing in 10 to 20 years	47,256	47,256
Maturing in 20 to 30 years	38,464	38,464
Maturing in 30 to 40 years	229,581	229,581
Maturing in more than 40 years	240,000	190,000
Total	651,283	591,658

Market Risk

The council is not exposed to any significant risks in terms of interest rate movements on its borrowing and investments. The spread of investments takes account of prevailing and as far as possible future market forecasts from different sources of the trend and future interest rates risks. All borrowing is with the Public Works Loan Board on a fixed term and fixed interest basis. Interest receivable on call accounts, which move in parallel with the money markets, is credited to the Comprehensive Income and Expenditure Statement. Based on the amount of cash held in such accounts at 31 March 2021 a 1% change in interest rates would change the interest receivable by £0.00m.

14. Short –Term Debtors by category of counterparty

	31 March 2021	31 March 2020
	£'000	£'000
Central government bodies	44,770	17,158
Other Local Authorities	38,410	11,596
Public Corporations and Trading Funds	38	13
National Health Service Bodies	981	1,657
Other Entities and Individuals	122,819	119,244
Total	207,018	149,668

The increase in short term debtors for central government and other local authorities this year is due to their shares of the collection fund deficit, which has arisen due to the granting of business rates relief by central government in response to the pandemic.

15. Short-Term Creditors by category of counterparty – which includes Note 16 as a subset

	31 March 2021	31 March 2020
	£'000	£'000
Central government bodies*	(82,051)	(32,143)
Other Local Authorities	(9,263)	(9,575)
Public Corporations and Trading Funds	0	0
National Health Service Bodies	(13,057)	(12,545)
Other Entities and Individuals	(144,376)	(139,970)
Total	(248,747)	(194,233)

* Revenue Grants Receipts in Advance have been included above although they appear on a separate line on the face of the Balance Sheet.

16. Revenue Grants Receipts in Advance

	31 March 2021	31 March 2020
	£'000	£'000
Additional Restrictions Grant	(6,017)	0
Community Discharge Grant	(546)	0
Dedicated Schools Grant	(575)	(3,280)
Lilian Baylis PFI Project	(1,000)	(1,000)
LSC - Adult & Community Learning	(848)	(562)
National Leisure Recovery Fund	(637)	0
S31 NDR Retail relief	(58,611)	(8,146)
Test and Trace	(4,863)	0
Government Grants (under £500k)	(3,003)	(2,277)
Government Grants Subtotal	(76,100)	(15,265)
Non-Government Grants	(226)	(9)
Total Revenue Grant Receipts in Advance	(76,326)	(15,274)

17. Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	31 March 2021				31 March 2020			
	Lambeth	GLA	Central Government	Total	Lambeth	GLA	Central Government	Total
	£'000	£'000		£'000	£'000	£'000		£'000
Under 1 year								
Council Tax	9,208	2,727	N/A	11,935	4,596	1,312	N/A	5,908
Non-domestic rates	929	1,145	1,022	3,096	1,533	862	798	3,193
Over 1 year								
Council Tax	9,667	2,863	N/A	12,530	6,645	1,896	N/A	8,541
Non-domestic rates	3,427	4,226	3,769	11,422	702	395	366	1,463
	23,231	10,961	4,791	38,983	13,476	4,465	1,164	19,105

18. Capital Grant Receipts in Advance

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver if the condition is not met. The balances at the year-end are as follows:

	31 March 2021 £'000	31 March 2020 £'000
Developers' contribution	(19,272)	(13,561)
Standard Fund	(132)	(776)
Greater London Authority	(6,335)	(7,687)
Ministry of Housing, Communities & Local Government	(3,997)	(2,699)
Other Grant	(1,107)	(1,089)
CURRENT LIABILITIES	(30,843)	(25,812)
Developers' contribution	(27,208)	(32,552)
Standard Fund	(220)	(236)
Greater London Authority	(847)	0
Ministry of Housing, Communities & Local Government	(91)	(107)
Other Grant	(1,130)	(1,639)
NON-CURRENT LIABILITIES	(29,496)	(34,534)
Total Capital Grants Receipts in Advance	(60,339)	(60,346)

19. Dedicated Schools Grant

The council's expenditure on schools is funded by grant monies provided by the Department for Children, Schools and Families – the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget has two components – one for a restricted range of services provided on an authority-wide basis and the other for the Individual Schools Budget, which is divided into a budget share for each school. The council is required to account separately for overspends and underspends on the two components. Details of the deployment of DSG receivable for 2020/21 are as follows:

2020/21 DSG	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2020/21 before Academy and High Needs Recoupment			(289,100)
Less: Academy and high needs figure recouped for 2020/21			73,605
Total DSG after Academy and high needs recoupment for 2020/21			(215,496)
Plus: Brought forward from 2019/20			(2,226)
Less: Carry-forward to 2021/22 agreed in advance			1,250
Agreed Initial Budgeted Distribution 2020/21	(38,863)	(177,608)	(216,471)
In-year Adjustments:	0	545	545
Final budgeted distribution for 2020/21	(38,863)	(177,063)	(215,926)
Less: Actual Central expenditure	40,587	0	40,587
Less: Actual ISB deployed to schools	0	177,063	177,063
Plus: Local Authority Contribution for 2020/21	0	0	0
Carried forward to 2021/22	1,724	0	1,724
Plus: Carry-forward to 2021/22 agreed in advance			(1,250)
Carry-forward to 2021/22			474

20a. Leases – Authority as Lessee

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

	31 March 2021 £'000	31 March 2020 £'000
Not later than one year	2,438	3,426
Later than one year and not later than five years	5,563	6,778
Later than five years	2,809	4,054
Total	10,810	14,258

The leases relate to land, buildings, and vehicles, and are charged to the relevant service line in the Comprehensive Income and Expenditure Statement. The total expenditure in 2020/21 was £4.0m, comprising £4.0m Minimum Lease Payments (£3.6m in 2019/20).

20b. Leases – Authority as Lessor

(i) The council has leased out three properties in the borough on a finance lease (Brixton Enterprise Centre, Gothic Lodge and The Young Vic Theatre). The council's gross investment in the leases of £2.1m (£2.1m in 2019/20), represents future minimum lease payments, with no anticipated residual values at the end of the lease term (unchanged from 2019/20).

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£'000	£'000	£'000	£'000
Not later than one year	30	30	7	8
Later than one year and not later than five years	119	119	25	26
Later than five years	1,955	1,984	77	83
Total	2,103	2,133	109	117

Of the total of £2.1m the element of unearned finance income was £1.7m, with £0.4m going towards repayment of the lease debtor (£1.7m and £0.4m in 2019/20). There was no contingent rent corresponding to these lease arrangements.

(ii) The future minimum lease payments due under non-cancellable operating leases in future years are:

	31 March 2021	31 March 2020
	£'000	£'000
Not later than one year	4,993	5,068
Later than one year and not later than five years	16,352	14,859
Later than five years	27,251	25,562
Total	48,596	45,489

The increase in future minimum lease payments is due to some long term leases that reached the end of their life being renewed.

21. IFRIC 12 – Service Concession Arrangements (including PFI / PPP contracts)

The council has recognised five contracts on its Balance Sheet:

The Waste Management contract provides services including street cleansing, waste collection and disposal, and a recycling service. The contract started in 2007 for an initial 7 years, and was extended until 2021 on the same terms. £4.2m of new assets were recognized in 2014/15. Payments in 2020/21 amounted to £19.0m (£18.7m in 2019/20).

The operator is required to meet performance targets; payments made by the council are subject to deductions based on the operator's performance. Pricing arrangements can be adjusted for any future changes to the service requested by the council. The council is entitled, upon expiry or termination of the contract, to require the operator to sell to it any of the vehicles and other assets used in the provision of the service.

Norwood Hall is a PFI that started in June 2014 and £8.8m of new asset were recognized accordingly. £1.10m of payments were made in 2020/21 (£1.05m in 2019/20). The contract will last for 24 years and the asset will revert to Lambeth at that time. It is a multi-purpose health and leisure facility for the benefit of the community.

The Lilian Baylis contract provided the rebuild of the secondary school in Kennington (which became operational in January 2005), and continues to provide further investment in infrastructure and maintenance at the site. The contract runs until July 2030, with payments in 2020/21 totalling £3.28m (£3.21m in 2019/20). Currently payments vary only with changes in RPIX and no other factor.

Lambeth Lighting Services Ltd provides replacements, upgrades and new installations of street lighting throughout the borough. Payments in 2020/21 amounted to £2.70m (£2.73m in 2019/20) and the contract will run until 2031. The authority will take full ownership of all created and refurbished lighting at the end of the contract.

Myatt's Field North Estate is being transformed by the construction of 305 new-build council homes, 357 new homes for sale, 146 new affordable (shared ownership) homes, refurbishment of 172 existing homes, and the creation of new streets, play areas and green spaces. The 25 year PFI contract started in 2012, with the construction phase of the project lasting until March 2017, with a total value of £80.7m recognised since the start of the contract. Payments on this contract in 2020/21 were £10.4m (£10.16m in 2019/20).

21a. The value of assets held under PFI and similar contracts and an analysis of the movement in those values.

	Lilian Baylis £'000	Norwood Hall £'000	Waste Fleet £'000	Lambeth Lighting £'000	Myatts Field North £'000	Total £'000
01-Apr-2020	28,704	23,404	2,746	12,998	39,495	107,347
Additions	175	0	920	0	0	1,095
Revaluations	(480)	3,643	0	0	328	3,491
Depreciation	(473)	(373)	(686)	(433)	(460)	(2,425)
Disposals	0	0	(2,980)	0	0	(2,980)
31-Mar-2021	27,926	26,674	0	12,565	39,363	106,528

21b. The value of outstanding liabilities resulting from PFI, finance leases and similar contracts at each Balance Sheet date and an analysis of the movement in those values.

	Lilian Baylis £'000	Lambeth Lighting £'000	Norwood £'000	Waste Mgt £'000	Myatts Field North £'000	Total £'000
31-March-2019	(9,044)	(6,984)	(7,599)	(1,694)	(76,037)	(101,358)
Liability in year	0	0	0	0	0	0
Payments in year	518	620	262	712	3,130	5,242
31-March-2020	(8,526)	(6,364)	(7,337)	(982)	(72,907)	(96,116)
Liability in year	0	0	0	0	0	0
Payments in year	575	631	281	982	2,909	5,378
31-March-2021	(7,951)	(5,733)	(7,056)	0	(69,998)	(90,738)

21c. Details of payments due to be made under PFI, finance leases and similar contracts (separated into repayments of liability, interest and service charges) as at 31 March 2021 are set out in the table below.

Lilian Baylis					31 March 2021
	£'000	£'000	£'000	£'000	£'000
	Liability	Interest	Service	PPE	Total
Within 1 Year	598	1,524	951	216	3,289
2-5 Years	2,752	5,827	4,049	1,368	13,996
6-10 Years	4,601	5,682	4,199	966	15,448
Total	7,951	13,033	9,199	2,550	32,733

Lambeth Lighting					31 March 2021
	£'000	£'000	£'000	£'000	£'000
	Liability	Interest	Service	PPE	Total
Within 1 Year	642	526	1,342	127	2,637
2-5 Years	2,532	1,548	5,785	696	10,561
6-10 Years	2,559	642	7,665	1,486	12,352
Total	5,733	2,716	14,792	2,309	25,550

Myatt's Field					31 March 2021
	£'000	£'000	£'000	£'000	£'000
	Liability	Interest	Service		Total
Within 1 Year	3,190	4,668	3,186		11,044
Within 2-5 Years	13,929	16,620	14,799		45,348
Within 6-10 Years	19,053	14,481	26,021		59,555
Within 11-15 Years	26,008	8,510	28,633		63,151
Within 16-20 Years	7,818	1,654	4,837		14,309
Total	69,998	45,933	77,476		193,407

Norwood Hall				31 March 2021
	2020/21	2020/21	2020/21	£'000
	£'000	£'000	£'000	£'000
Within 1 Year	299	600	211	1,110
Within 2-5 Years	1,343	2,404	979	4,726
Within 6-10 Years	1,702	2,757	2,013	6,472
Within 11-15 Years	1,697	2,386	2,823	6,906
Within 16-20 Years	2,015	2,089	1,807	5,911
Total	7,056	10,236	7,833	25,125

22. Provisions

Description	31-Mar-20	Additional provision £'000	Utilised £'000	Released £'000	31 March 2021
	£'000				£'000
Insurance Fund GF	(3,874)	(2,948)	1,476	0	(5,346)
NNDR Provision for Appeals	(3,051)	(4,129)	3,130	47	(4,003)
Redress Scheme	(40,484)	0	8,685	0	(31,799)
Tax & VAT Assessments	(285)	0	0	0	(285)
Term Time Ruling	0	(4,000)	0	0	(4,000)
Small Provisions	(24)	(134)	24	0	(134)
Disputes	(1,443)	(323)	643	0	(1,123)

Sub-Total GF Provisions	(49,161)	(11,534)	13,958	47	(46,690)
Insurance Fund HRA	(2,056)	(1,119)	511	0	(2,664)
HRA Litigation Provision	0	(21,950)	0	0	(21,950)
Sheltered Housing Provision	(96)	0	0	96	0
Sub-Total HRA Provisions	(2,152)	(23,069)	511	96	(24,614)
Total Council Provisions	(51,313)	(34,603)	14,469	143	(71,304)

All provisions are reviewed annually to ensure they are at an appropriate level. Below are further details on material provisions.

- **The Insurance Fund provisions** hold the balances set aside for potential liabilities in respect of insurable items for which the council has elected to self-insure and for payments that fall within the insurance excesses, split between the General Fund and the Housing Revenue Account. The review of insurance provisions is carried out annually using an actuarial forecasting approach which is designed to review the appropriateness of the provisions and reserves for the council's self-insured claims as at the date of the valuation. This valuation takes into account all known and outstanding (unpaid) claims received from 1992 to date, and also makes a calculation for any incurred but not reported claims (IBNR).
- **Provision for Appeals** was introduced alongside the business rates retention scheme. The provision is calculated through applying the change in past rateable values based on successful appeals and applying this to current outstanding appeals, as supplied by the Valuations Office Agency, and the council's share is shown above and below.
- **Redress Scheme** - The council has setup a provision to fund payments made under the Redress scheme pertaining to historic child sexual abuse. The scheme runs until 1 January 2022.
- **Term Time Ruling** - In August 2019 The Court of Appeal in Brazel V The Harper Trust handed down a ruling regarding the calculation of annual leave entitlement impacting permanent staff employed on a term time contract, stating that their basic statutory annual leave entitlement could not be pro-rated to reflect the number of weeks actually worked. The council has been reviewing its current and past contracts to ensure it is compliant with the new ruling and has setup a provision to cover the financial liability associated with any backdated adjustments.
- **HRA Litigation Provision** - The council, along with a number of other authorities, entered into agency agreements to collect water rates on behalf of Thames Water, with discounts to cover the council's cost of collection. Following the case of Ross -v- R B of Kingston Upon Thames where it was determined that discounts should have been passed to the consumer, the council has setup a provision to repay sums to current and former tenants. The council's agreement with Thames Water was terminated on 31 March 2020.

The following table analyses provisions on the basis of the profile of their use, based on best estimates where the information is not known.

2020/21	Less than one year	Between one year and five years	Greater than five years	Balance at 31 March 2021
Description	£'000	£'000	£'000	£'000
Insurance fund GF	(1,134)	(2,136)	(2,076)	(5,346)
NNDR Provision for Appeals	(1,847)	(2,156)	0	(4,003)
Redress Scheme	(31,799)	0	0	(31,799)
Tax & VAT Assessments	(285)	0	0	(285)
Term Time Ruling	(4,000)	0	0	(4,000)
Small Provisions	(134)	0	0	(134)
Disputes	(1,123)	0	0	(1,123)
Sub-Total GF Provisions	(40,322)	(4,292)	(2,076)	(46,690)
Insurance Fund HRA	(563)	(1,069)	(1,032)	(2,664)
HRA Litigation Provision	(17,660)	(1,716)	(2,574)	(21,950)
Sub-Total HRA Provisions	(18,223)	(2,785)	(3,606)	(24,614)
Total Council Provisions	(58,545)	(7,077)	(5,682)	(71,304)

23. Contingent Liabilities

The council has no contingent liabilities as at 31 March 2021.

24. Pensions Schemes Accounted for as Defined Contribution Schemes

The council participates in the Teachers' Pension Scheme and the NHS Pension Scheme, which are themselves defined benefit schemes. These schemes are unfunded and the relevant department uses a notional fund as the basis for calculating the employers' contribution paid by the employer. Valuations of the notional fund are undertaken every four years. However, these are multi-employer schemes and due to the number of participating employers it is not possible to identify the council's share of the underlying liabilities in the scheme attributable to its own employees with sufficient reliability for accounting

purposes, they are accounted for on the same basis as a defined contribution scheme. The council is not liable to the schemes for any other entity's obligations under the plan.

Teachers employed by the authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. In 2020/21 the council paid £16.4m to the TPA (£14.2m in 2019/20), representing 23.68% of pensionable pay (23.68% in 2019/20). The contributions due to be paid in the next financial year are estimated to be £16.8m in 2021/22 or 23.68% of pensionable pay. For 2020/21 the council made contributions to the NHS Pension Scheme of £0.06m (£0.06m in 2019/20). The contributions due to be paid to the NHS Pension Scheme in the next financial year are estimated to be £0.07m in 2021/22.

25. Defined Benefit Pension Schemes

Participation in pension schemes

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

The council participates in two funded defined benefit final salary schemes under the Local Government Pension Scheme (LGPS). The first is administered locally by Lambeth Pension Fund, to which most non-teaching Council employees belong. The governance of the scheme is the responsibility of the London Borough of Lambeth. The second is administered by the London Pensions Fund Authority (LPFA) to which most non-teaching staff employed in schools belong and the governance of the scheme is the responsibility of the Authority. The LGPS rewards years of service with rights to retirement lump sums and pensions based on final salaries. The Scheme also provides additional benefits for ill-health retirement, early retirement attributable to redundancy or in the interests of business efficiency and death in service. Both of these funds are part of the national Local Government Pension Scheme (LGPS), which as of 1st April 2014, changed from being a final salary scheme to a career average scheme.

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

25a. Net Defined Benefit Pension Scheme liabilities

The liabilities of the LBL Pension Fund and the LPFA Pension Fund attributable to the council are assessed on an actuarial basis using the projected unit credit method, an estimate of the current value of benefits payable in future years, dependent on assumptions about future mortality rates, salary levels etc. The London Borough of Lambeth liabilities were assessed by Hymans Robertson LLP and the LPFA liabilities were assessed by Barnett Waddingham Public Sector Consulting, both of whom are independent firms of actuaries. Both are included in the following table. Council liabilities are based on the latest full valuation of the scheme as at 31 March 2021.

	31 March 2021			31 March 2020		
	Scheme Assets	Pensions Obligations	Net Pensions Liability	Scheme Assets	Pensions Obligations	Net Pensions Liability
	£000	£000	£000	£000	£000	£000
Opening Balance at 1 April	1,451,750	(2,013,930)	(562,180)	1,482,689	(2,257,502)	(774,813)
Current Service Cost	0	(44,886)	(44,886)	0	(55,951)	(55,951)
Past Service cost and gains/losses on curtailments	0	(516)	(516)	0	(872)	(872)
Interest Income and Expense	32,862	(45,968)	(13,106)	35,296	(54,084)	(18,788)
Admin Expense	(91)	0	(91)	(100)	0	(100)
Remeasurements						
Return on Plan Assets	354,181	0	354,181	(39,936)	0	(39,936)
Other actuarial gains and (losses) on assets	0	0	0	(2,470)	0	(2,470)
Actuarial gains and (losses) arising from changes in demographic assumptions	0	(32,896)	(32,896)	0	45,460	45,460
Actuarial gains and (losses) from changes in Financial Assumptions	0	(480,244)	(480,244)	0	172,103	172,103
Experience adjustments	0	15,832	15,832	0	69,091	69,091
Contributions						
The council	47,041	0	47,041	44,096	0	44,096
Employees	9,339	(9,339)	0	8,971	(8,971)	0
Payments						
Retirement Grants and Pensions	(69,183)	69,183	0	(76,796)	76,796	0
Settlements	0	0	0	0	0	0
Closing Balance at 31 March	1,825,899	(2,542,764)	(716,865)	1,451,750	(2,013,930)	(562,180)

25b. Defined Benefit Pension Scheme assumptions

A change in any of the key assumptions can have a significant impact upon the size of the council's pension liabilities, which would require the council during its triennial review to adjust the amount it must pay the Lambeth Pension Fund. The biggest risks include an increase in member life expectancy, salary and pension accumulation rate or a decrease in the real discount rate, which would have an impact on the council's liability to the Pension Fund.

The discount rate is the amount in today's money that is required to pay future obligations – a higher discount rate means a lower requirement to meet future payments. This is why the actuaries prudently use a discount rate based on highly rated corporate bond yields, as a small change in these would have a very large impact upon the size of the liability, which taxpayers are statutorily bound to pay.

The principal assumptions used by the actuaries have been:

	LPFA		Lambeth	
	2020/21	2019/20	2020/21	2019/20
Longevity at 65 for current pensioners: Men	20.9 years	20.6 years	21.5 years	21.3 years
Women	23.7 years	23.5 years	23.9 years	23.5 years
Longevity at 65 for future pensioners: Men	22.2 years	22.1 years	23.1 years	22.7 years
Women	25.3 years	25.0 years	25.7 years	25.0 years
Rate of increase in salaries	3.85%	2.95%	3.35%	2.40%
Rate of increase in pensions (CPI)	2.85%	1.95%	2.85%	1.90%
Rate for discounting scheme liabilities	1.90%	2.30%	2.00%	2.30%

A sensitivity analysis of the key methodological assumptions of the actuarial valuation can be found in note 2 on page 35. The Council is entitled to 97% of the assets and liabilities of the Pension Fund, details of which can be found within the Pension Fund notes 1-24.

25c. Defined Benefit Pension Scheme assets

The council's share of the LPFA Asset Breakdown can be found below, but it must be remembered that the Council only represents 1% of the assets.

LPFA Employer Asset Share – Bid Value	31 March 2021		31 March 2020	
	£'000s	%	£'000s	%
Equities	42,925	54	37,882	55
LDI/Cashflow matching	0	n/a	0	0
Target Return Portfolio	18,596	24	17,046	24
Infrastructure	6,696	8	4,908	7
Commodities	0	n/a	0	0
Property	7,190	9	6,387	9
Cash	3,601	5	3,714	5
Total	79,008	100	69,937	100

The following is the Asset Breakdown for the Lambeth Pension Fund scheme assets.

LBL Pension Fund Employer Asset Share – Bid Value	31 March 2021		31 March 2020	
	£'000s	%	£'000s	%
Equity Securities:				
Consumer	50,669	3%	38,338	3%
Manufacturing	5,968	0%	5,130	0%
Energy and Utilities	0	0%	1,917	0%
Financial Institutions	53,146	3%	53,632	4%
Health & Care	2,740	0%		
Information Technology	69,754	4%	38,890	3%
Other	5,386	0%	0	0%
Debt Securities:				

UK Government	235,508	14%	44,572	3%
Other	219,756	13%	72,007	5%
Private Equity	62,815	4%	56,603	4%
Real Estate - UK Property	163,105	9%	153,312	11%
Investment Funds and Unit Trusts:				
Equities	389,024	22%	475,067	34%
Bonds	0	0%	162,609	13%
Hedge Funds	489	0%	729	0%
Other	458,004	26%	203,262	15%
Cash and Cash Equivalents	30,527	2%	75,745	5%
Total	1,746,891	100%	1,381,813	100%

There has been an overall increase in the net pension liability for 2020/21. The council's obligations are an estimate, based on the best evidence that the actuaries have at 31st March 2021.

The council's agreed strategy with the actuary is to achieve a funding level of 100% over 20 years (March 31st 2033). Funding levels are monitored annually, and the triennial valuation as expected was completed by 31st March 2019. The estimated employers' contributions for the year ending 31 March 2021 will be approximately £19.4m. The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

25d. Transactions relating to retirement benefits

The following transactions have been made in the Comprehensive Income and Expenditure Statement during the year.

Comprehensive Income and Expenditure Statement	2020/21 £000	2019/20 £000
Cost of Services		
Current Service Cost	44,886	55,951
Past Service cost and (gains)/losses on curtailments	516	872
Other Operating (income)/expenditure		
Admin Expense	91	100
Financing and Investment Income and Expenditure		
Interest Income and Expense (Net)	13,106	18,788
Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	58,599	75,711
Re-measurements of the Net Defined Benefit Liability		
• Return on Plan Assets	(354,181)	39,936
• Other actuarial (gains) and losses on assets	0	2,470
• Actuarial (Gains) and Losses from changes in Financial Assumptions	480,244	(172,103)
• Actuarial (Gains) and Losses arising from changes in demographic assumptions	32,896	(45,460)
• Experience Adjustments	(15,832)	(69,091)
Total Re-measurements Recognised in CIES	143,127	(244,248)
Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	201,726	(168,537)

26. Trust Funds

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

	Balance at 31 March 2021 £'000	Balance at 31 March 2020 £'000
Monies Held on behalf of adult care clients	(8,144)	(7,723)
Monies Held on behalf of children in care	(14)	(14)
Wellington Mills - Housing Co-operative	(307)	(307)
Others*	(306)	(283)
Total Trust Funds	(8,771)	(8,327)

*This figure includes estates of persons formerly in care, trade union funds and funds for prizes, outings and other activities for children in care and is the amount that is held in the balance sheet of the council. All other account balances are held in trust.

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

27. 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 Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2020/21	Usable Reserves					Unusable Reserves £000s	Relevant Unusable Reserve
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied		
	£000s	£000s	£000s	£000s	£000s		
Adjustments to Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases/decreases in revenue for the year calculated in accordance with statutory requirements:							
Financial instruments	66	0	0	0	0	(66)	Financial Instruments Adjustment Account
Pensions costs	(11,815)	257	0	0	0	11,558	Pensions Reserve
Council tax and NNDR	(33,037)	0	0	0	0	33,037	Collection Fund Adjustment Account
Holiday Pay	(459)	(17)	0	0	0	476	Accumulated Absences Account
Dedicated Schools Grant Deficit	(474)	0	0	0	0	474	Dedicated Schools Grant Adjustment Account
Reversal of entries in the Surplus/Deficit on the Provision of Services in relation to capital expenditure:							
Amortisation of intangible assets	(1,970)	0	0	0	0	1,970	Capital Adjustment Account
Charges for depreciation and impairment	(68,487)	(40,163)	0	0	0	108,650	
Revenue expenditure funded from capital under statute	(9,757)	0	0	0	0	9,757	
Carrying amounts of non-current assets written off on disposal or sale	(15,599)	(5,412)	0	0	0	21,011	
Capital grant income	1,606	3,964	0	0	(1,616)	(3,954)	
Transfers between Revenue and Capital Resources							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve and Deferred Capital Receipts Reserve	3,983	13,131	(17,114)	0	0	0	Deferred Capital Receipts
Use of capital receipts for revenue purposes:							
Payments to the Government housing receipts pool	(4,093)	0	4,093	0	0	0	Capital Adjustment Account
Posting of HRA resources from revenue to the Major Repairs Reserve	0	32,844	0	(32,844)	0	0	
Statutory revenue provisions for the financing of capital investment	4,702	2,909	0	0	0	(7,611)	
Capital expenditure financed from revenue balances	1,800	51	0	0	0	(1,851)	
Adjustments to Capital Resources							
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	8,651	0	0	(8,651)	Capital Adjustment Account
Application of S. 106 Receipts to Finance new Capital	2,082	0	0	0	0	(2,082)	
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	32,844	0	(32,844)	
Application of capital grants to finance capital expenditure	10,026	0	0	0	6,945	(16,971)	
Redress Capitalisation Scheme	8,685	0	0	0	0	(8,685)	Redress Capitalisation Directive Reserve
Cash payments in relation to deferred capital receipts	(1)	0	0	0	0	1	Deferred Capital Receipts
Total Adjustments	(112,742)	7,564	(4,370)	0	5,329	104,219	

2019/20	Usable Reserves					Unusable Reserves £000s	Relevant Unusable Reserve
	General Fund Balance £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s		
Adjustments to Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases/decreases in revenue for the year calculated in accordance with statutory requirements:							
Financial instruments	(3,748)	0	0	0	0	3,748	Financial Instruments Adjustment Account
Pensions costs	(30,236)	(1,379)	0	0	0	31,615	Pensions Reserve
Council tax and NNDR	(7,276)	0	0	0	0	7,276	Collection Fund Adjustment Account
Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure:							
Amortisation of intangible assets	(1,027)	(75)	0	0	0	1,102	Capital Adjustment Account
Charges for depreciation and impairment	(36,484)	23,467	0	0	0	13,017	
Revenue expenditure funded from capital under statute	(72,194)	0	0	0	0	72,194	
Carrying amounts of non-current assets written off on disposal or sale	(10,530)	(3,994)	0	0	0	14,524	
Capital grant income	960	4,840	0	0	(5,800)	0	
Transfers between Revenue and Capital Resources							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve and Deferred Capital Receipts Reserve	11,262	12,785	(24,047)	0	0	0	Deferred Capital Receipts
Use of capital receipts for revenue purposes:							
Payments to the Government housing receipts pool	(28,262)	0	28,262	0	0	0	
Posting of HRA resources from revenue to the Major Repairs Reserve	0	29,992	0	(29,992)	0	0	
Statutory revenue provisions for the financing of capital investment	2,930	3,130	0	0	0	(6,060)	Capital Adjustment Account
Capital expenditure financed from revenue balances	533	401	0	0	0	(934)	
Adjustments to Capital Resources							
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	26,756	0	0	(26,756)	Capital Adjustment Account
Application of S. 106 Receipts to Finance new Capital	3,538	0	0	0	0	(3,538)	
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	29,741	0	(29,741)	
Application of capital grants to finance capital expenditure	16,206	0	0	0	16,178	(32,384)	
Redress Capitalisation Scheme	42,794	0	0	0	0	(42,794)	Redress Capitalisation Directive Reserve
Cash payments in relation to deferred capital receipts	0	(1)	0	0	0	1	Deferred Capital Receipts
Total Adjustments	(111,534)	69,166	30,971	(251)	10,378	1,270	

28a. Usable Reserves

	31 March 2021 £'000	31 March 2020 £'000
General Fund	(25,870)	(21,308)
LMS Balances	(17,486)	(10,738)
Earmarked Reserves – General Fund*	(151,068)	(96,531)
Earmarked Reserves - HRA	(17,944)	(48,590)
Housing Revenue Account	(10,971)	(11,506)
Capital Receipts Reserve	(42,567)	(38,197)
Capital Grants Unapplied Account	(63,204)	(68,533)
Major Repairs Reserve	0	0
Total Usable Reserves	(329,110)	(295,403)

* **General Fund** – Used for any non-housing purpose of a revenue or capital nature.

28b. LMS Balance – Ring-fenced for the local management of schools

LMS BALANCE	31 March 2021 £'000	31 March 2020 £'000
Balance at 01 April	(10,738)	(13,735)
Overspent School Balances	1,683	5,516
Underspent School Balances	(8,432)	(2,519)
Balance at 31 March	(17,487)	(10,738)

28c. General Fund and Housing Revenue Account Earmarked 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 2020/21.

General Fund Reserves	Balance at 31 March 2020 £'000	Transfers in £'000	Transfers out £'000	Balance at 31 March 2021 £'000
Earmarked Grants & Budget Carry-Forwards	(19,598)	(24,943)	6,283	(38,258)
Information and Communication Technology Investment	(2,072)	0	138	(1,934)
Insurance and Risk Management	(18,150)	(1,899)	10,969	(9,080)
Property and Assets	(22,412)	(1,671)	2,691	(21,392)
Transformation	(1,120)	0	469	(651)
Medium Term Financial Risk Reserve	(11,310)	(6,930)	0	(18,240)
Economic Cycle Resilience Reserve	(9,600)	(39,700)	0	(49,300)
CIL Reserve	(12,269)	(1,885)	1,941	(12,213)
GF Sub-total	(96,531)	(77,028)	22,491	(151,068)
Housing Revenue Account Reserves				
Insurance and Risk Management	(31,850)	(541)	29,060	(3,331)
Property and Assets	(16,740)	(619)	2,746	(14,613)
HRA Sub-total	(48,590)	(1,160)	31,806	(17,944)
Council Total	(145,121)	(78,188)	54,297	(169,012)

The **Earmarked Grants and Budget Carry-Forwards reserves** were created to provide funds for specific grant-funded projects, and to finance expenditure that has been committed to but not yet incurred at balance sheet date.

The **Information and Communication Technology Investment** reserves serve to fund the expenditure necessary on ICT projects as part of the council's continuing transformation.

The **Insurance and Risk Management** reserves set aside funding to meet potential future costs that may fall to the council. The largest single element, the Insurance Fund, is intended to provide the means to self-insurance (thus reducing the expenditure on insurance premiums).

The **Property and Assets** reserves are intended to support investment in the council's assets.

The **Transformation** reserves provide the funding to facilitate large organisational changes. Funds have been transferred out of this reserve to the Medium Term Financial Risk Reserve in year to support the future financial risks associated with the continuing impact of Covid-19.

The **Medium Term Financial Risk Reserve** is to support the council through future shortfalls in funding and challenges in balancing its budget over the medium term.

The **Economic Cycle Resilience Reserve** is to protect the council when facing potential future deteriorations in its business rate income, given that local authorities are now more reliant on this as a source of funding.

The **CIL Reserve** is made up of Community Infrastructure Levy contributions to be used to fund future infrastructure related works.

28d. Capital Receipts Reserve – Holds proceeds from the disposal of land or other assets. Statute restricts the use of the proceeds to the funding of new or historical capital expenditure.

	31 March 2021 £'000	31 March 2020 £'000
Balance brought forward 1 April	(38,197)	(69,169)
Capital receipts in year	(17,114)	(24,046)
Use of capital receipts in year		
Payment to CLG – Contribution to pooled capital receipts	4,093	28,262
Financing of capital expenditure	8,651	26,756
Balance carried forward 31 March	(42,567)	(38,197)

28e. Capital Grants Unapplied Account – 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.

	31 March 2021 £'000	31 March 2020 £'000
Balance brought forward 1 April	(68,533)	(78,911)
Grants transferred to the account in year	(1,616)	(5,800)
Grants applied to capital expenditure	6,945	16,178
Balance carried forward 31 March	(63,204)	(68,533)

28f. Major Repairs Reserve – Controls an element of the capital resources set aside for use on HRA assets or for financing historical capital expenditure by the HRA.

	31 March 2021 £'000	31 March 2020 £'000
Balance brought forward	0	251
Debits to the MRR in respect of capital expenditure	32,844	29,741
Transfer from HRA equal to depreciation	(32,844)	(29,992)
Total	0	0

29. Unusable Reserves

Unusable Reserve	Adjustments between Accounting and Funding Basis 2020/21						
	Opening Balance	Other Comprehensive Income and Expenditure 2020/21	Adjustments to Revenue Resources	Transfers Between Revenue and Capital Resources	Adjustments to Capital Resources	Other Movements	Closing Balance
	1 Apr 2020 £000	(CIES) £000	£000	£000	£000	£000	31 Mar 2021 £000
Revaluation Reserve	(953,363)	22,673	0	0	0	16,630	(914,060)
Financial Instruments Adjustment Account	3,933	0	(66)	0	0	0	3,867
Pensions Reserve	562,180	143,127	11,558	0	0	0	716,865
Collection Fund Adjustment Account	(8,054)	0	33,037	0	0	0	24,983
Accumulated Absences Account	4,100	0	476	0	0	0	4,576
Capital Adjustment Account	(1,925,893)	0	137,434	(9,461)	(60,549)	(16,630)	(1,875,099)
Deferred Capital Receipts	(391)	0	0	0	1	0	(390)
Dedicated Schools Grant Adjustment Account	0	0	474	0	0	0	474
Redress Capitalisation Directive Reserve	40,484	0	0	0	(8,685)	0	31,799
Total	(2,277,004)	165,800	182,913	(9,461)	(69,233)	0	(2,006,985)

Unusable Reserve	Adjustments between Accounting and Funding Basis 2019/20						
	Opening Balance	Other Comprehensive Income and Expenditure 2019/20	Adjustments to Revenue Resources	Transfers Between Revenue and Capital Resources	Adjustments to Capital Resources	Other Movements	Closing Balance
	1 Apr 2019 £000	(CIES) £000	£000	£000	£000	£000	31 Mar 2020 £000
Revaluation Reserve	(901,679)	(72,047)	0	0	0	20,363	(953,363)
Financial Instruments Adjustment Account	185	0	3,748	0	0	0	3,933
Pensions Reserve	774,813	(244,248)	31,615	0	0	0	562,180
Collection Fund Adjustment Account	(15,330)	0	7,276	0	0	0	(8,054)
Accumulated Absences Account	4,100	0	0	0	0	0	4,100
Capital Adjustment Account	(1,906,954)	0	100,837	(6,994)	(92,419)	(20,363)	(1,925,893)
Deferred Capital Receipts	(392)	0	0	0	1	0	(391)
Redress Capitalisation Directive Reserve	83,278	0	0	0	(42,794)	0	40,484
Total	(1,961,979)	(316,295)	143,476	(6,994)	(135,212)	0	(2,277,004)

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. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Pensions Reserve - Absorbs the timing differences arising from the different accounting arrangements between statutory provisions and accounting practice for post-employment benefits and funding benefits. The council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as benefits are earned by employees. The balance sheet is updated to recognise the movement in liabilities due to changes in assumptions (including inflation and longevity) and investment returns on resources set aside to meet the cost of the employee benefits.

However, statutory arrangements require benefits earned to be financed as the council makes employer's contributions to pension funds. The Pensions Reserve balance reflects the substantial shortfall between the benefits Pension Fund members have earned and the resources the council set aside to meet them.

The movement in balances on the Pensions Reserve are for both the Lambeth Pension Fund and Lambeth's share of the LPFA during the year.

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

Note 27 to the MIRs provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

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

Financial Instruments Adjustment Account - Absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance and Housing Revenue Account (HRA) to the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance and HRA in accordance with statutory arrangements for spreading the burden on council tax. In the council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed (maximum of 10 years on the HRA). As a result, the balance on the Account at 31 March 2019 will be charged to the General Fund over the next 10 years and to the HRA for the next three years.

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 taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. The deficit in 2020/21 has arisen due to the government announcing business rates relief in response to the pandemic. These have been compensated by a section 31 grant funding and are held in Earmarked Reserves.

Accumulated Absences Account - Absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March.

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

Redress Capitalisation Directive Reserve - The government has provided the ability to capitalise specific future costs relating to the redress scheme setup by the council in 2017/18 for payments pertaining to historic child abuse. The provision setup for these costs is matched by this reserve. As payments are made these will be debited against the provision and will be matched by drawing down the reserve by an equal sum to the capital adjustment account.

NOTES TO THE CASH FLOW STATEMENT

30. Investing Activities

	2020/21 £'000	2019/20 £'000
Purchase of property, plant and equipment, investment property and intangible assets	138,826	126,224
Purchase of short-term and long-term investments	10,000	40,000
Other payments for investing activities	12,457	2,283
Proceeds from the sale of property, plant and equipment and intangible assets	(17,114)	(24,047)
Proceeds from short-term and long-term investments	(35,000)	(20,000)
Other receipts from investing activities	(19,437)	(33,303)
Net cash flows from investing activities	89,732	91,157

31. Financing Activities

	2020/21 £'000	2019/20 £'000
Cash receipts of short and long-term borrowing	(50,000)	(150,000)
Council Tax and NNDR adjustments	34,079	7,636
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	5,378	5,243
Net cash flows from financing activities	(10,543)	(137,121)

32. Operating Activities (Interest)

The cash flows for operating activities include the following items:

	2020/21 £'000	2019/20 £'000
Interest received	(752)	(1,160)
Interest paid	34,728	33,541

33. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2021 £'000	2019/20 £'000
Cash held by the Authority	55	63
Bank current accounts in current assets	76,083	31,530
Short-term deposits with banks	5,179	178
Total Cash and Cash Equivalents	81,317	31,772

34. Reconciliation of Liabilities Arising From Financing Activities

	Financing Cash Flows		Non-cash changes		31 March 2021 £'000
	31 March 2020 £'000	£'000	Acquisition £'000	Other non-cash changes £'000	
Long-term borrowings	(591,658)	(40,375)	0	(9,625)	(641,658)
Short term borrowings	(7,074)	0	0	(8)	(7,082)
On balance sheet PFI liabilities	(96,116)	5,378	0	0	(90,738)
Total liabilities from financing activities	(694,848)	(34,997)	0	(9,633)	(739,478)

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

The Housing Revenue Account (HRA) is a statutory statement, which summarises the transactions relating to the provision, maintenance and management of the council's housing stock. The Local Government and Housing Act 1989 required the ring-fencing of the Account with effect from 1 April 1990, thereby prohibiting cross subsidy between the HRA and the General Fund.

	Note	2020/21		2019/20	
		£'000	£'000	£'000	£'000
Income					
Dwelling rents		(134,108)		(135,371)	
Charges for services and facilities*		(5,965)		(37,786)	
Contributions Towards Expenditure		(814)		(610)	
PFI Credit		(7,728)		(7,729)	
			(148,615)		(181,496)
Expenditure					
Repairs and maintenance		28,908		26,786	
Supervision and management		87,108		86,594	
Rents, rates, taxes and other charges		2,106		9,220	
Depreciation of property, plant and equipment	39	32,844		29,992	
Impairment / Revaluation (gain) / loss	39	7,319		(53,384)	
			158,285		99,208
Net cost of HRA services included in the Comprehensive Income and Expenditure Statement			9,670		(82,288)
HRA share of Corporate and Democratic Core			657		602
Net Expenditure of HRA Services			10,327		(81,686)
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement					
Interest payable and similar charges – other			22,197		23,255
Gain or Loss on disposal			(7,719)		(8,791)
Interest and investment income			(292)		(747)
Impairments on Receivables			3,068		1,237
Capital Grants and Contributions - other			(3,964)		(4,840)
(Surplus)/Deficit for the year on HRA services			23,617		(71,572)

* The large reduction in Charges for services & facilities is due to no longer charging commission on Thames Water bills (£8m in 2019/20) and a £22.0m contribution to provisions for refunds of previously charged commission on Thames Water bills.

STATEMENT OF MOVEMENT ON THE HRA BALANCE

	2020/21		2019/20	
	£'000	£'000	£'000	£'000
Balance on the HRA at the end of the previous year		(11,505)		(10,766)
(Surplus) or deficit for the year on the HRA Income & Expenditure Statement	23,617		(71,572)	
Adjustments Between Accountancy Basis and Funding Basis under Statute	7,564		69,166	
Net (Increase) or Decrease before Transfers to or from Reserves		31,181		(2,406)
Transfers to or (from) Reserves (see Note 28c)		(30,647)		1,667
(Increase) or Decrease in year on the HRA		534		(739)
Balance on the HRA at the end of the current year		(10,971)		(11,505)

NOTES TO THE HOUSING REVENUE ACCOUNT

35. Analysis of the movement on the HRA balance:

	2020/21 £'000	2019/20 £'000
Items included in the HRA Income and Expenditure Statement but excluded from the movement on HRA Balance for the year		
Difference between amounts charged to Income and Expenditure for amortisation of premiums and discounts and the charge for the year determined in accordance with statute	0	0
Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with the Statutory HRA requirements:		
Impairments / Revaluation loss	(7,319)	53,384
Capital Grants and Contributions	3,964	4,840
Depreciation of non-current assets	(32,844)	(29,992)
Carrying amount of non-current assets disposed of	(5,412)	(3,994)
Mitigation of accumulated absences provision	(17)	0
Net charges made for retirement benefits in accordance with IAS 19	5,606	5,065
Items not included in the HRA Income and Expenditure Statement but included in the Movement on HRA Balances for the year:		
Capital expenditure financed from revenue balances	51	401
Minimum Revenue Provision	2,909	3,130
Transfer to Major Repairs Reserve	32,844	29,992
Transfer to Capital Receipts Reserve of proceeds from disposal of non-current assets	13,131	12,785
Transfer from Deferred Capital Receipts Reserve	0	(1)
Employer's contributions payable to the Lambeth Pension Fund and retirement benefit payable direct to pensioners	(5,349)	(6,444)
Total Adjustments Between Accountancy Basis and Funding Basis under Statute	7,564	69,166

36. Housing stock

	31 March 2020	Movement	31 March 2021
Flats	19,914	(2)	19,912
Houses	3,879	(1)	3,878
Multi-occupied	181	0	181
Total	23,974	(3)	23,971
Right to buy sales		(37)	
Rent to Mortgage Buy Backs*		34	
Total movement		(3)	

*The above Housing stock includes buy backs within the analysis since these are used for the provision of housing. Buy backs are General fund assets.

37. HRA assets

	2020/21 £'000	2019/20 £'000
Council dwellings	2,256,722	2,254,295
Other Land & Buildings	112,486	126,178
Community Assets	177	177
Surplus	5,636	22,309
Assets held for sale	0	1,636
Vehicles, Plant & Equipment	19,631	39,319
Assets under Construction	2,710	21,806
Intangibles	0	0
Infrastructure	2,315	1,663
TOTAL	2,399,677	2,467,383

38. Capital expenditure, financing and receipts

	2020/21	2019/20
	£'000	£'000
HRA capital expenditure		
Works to dwellings	30,167	35,089
Other Land & Buildings	1,711	54
Vehicles, Plant & Equipment	3,002	8,756
Assets under construction	77	0
Infrastructure	818	1,663
Total HRA capital expenditure	35,755	45,562
Financing of capital expenditure		
Borrowing	500	9,793
Major Repairs Reserve Less Decent Homes	32,844	29,741
Section 20	2,431	5,627
Reserves / Revenue	0	401
Total financing of capital expenditure	35,755	45,562

39. Depreciation and impairment

	2020/21	2019/20
	£'000	£'000
Depreciation charged to the HRA I&E for the year		
Operational assets		
- dwellings	26,296	24,510
- other property	6,464	5,425
Non-operational assets		
- dwellings	84	57
- other property	0	0
Total Depreciation	32,844	29,992

Impairments and revaluation losses charged to the HRA I&E for the year		
Operational assets		
- dwellings	7,889	29,299
- other property	600	1,736
Non-operational assets		
- dwellings	205	80
- other property	0	242
	8,694	31,357
Revaluation / Impairment (gains) reversed in the HRA I&E for the year		
Operational assets		
- dwellings	(711)	(74,228)
- other property	(664)	(63)
Non-operational assets		
- dwellings	0	(10,450)
	(1,375)	(84,741)
Net Impairment	7,319	(53,384)

40. Rent arrears

	2020/21	2019/20
	£'000	£'000
Arrears as at 31st March	9,557	12,574
Impairment on receivables	(6,431)	(5,662)
Collectable amount	3,126	6,912

41. Vacant Possession Value

The vacant possession value of dwellings within the HRA at 31st March 2021 was £9.030 billion (£9.017 billion at 31st March 2020) which has been reduced to £2.258 billion (£2.254 billion at 31 March 2020) to reflect social housing use subsidised housing. This shows the economic cost to the government of providing council housing at less than market rents.

42. HRA share of contributions to the Pension Reserve

The HRA Income and Expenditure account has suffered a charge from the Pension Reserve of £5.35m (charge of £6.51m in 2019/20), as per proper practice. The impact of this on the HRA balance is nullified by means of a reversing entry in the Movement in Reserves Statement.

COLLECTION FUND

The Collection Fund is a statutory statement relating to the collection of income received from Council Tax and business rates, known as National Non-Domestic Rates (NNDR). The account shows how the income received is distributed between the Council's General Fund, Central Government and the Greater London Authority.

COLLECTION FUND	2020/21			2019/20		
	NNDR	Council Tax	Total	NNDR	Council Tax	Total
	£'000	£'000	£'000	£'000	£'000	£'000
INCOME						
Council Tax Receivable		(170,762)	(170,762)		(162,318)	(162,318)
Transfer for Transitional relief, S13A(1)(C)		(1,977)	(1,977)			
Business Rates Receivable	(99,015)		(99,015)	(166,215)		(166,215)
Transitional Protection Payments	(1,870)		(1,870)	(5,704)	0	(5,704)
Business Rates Supplement	(2,646)		(2,646)	(5,052)		(5,052)
	(103,531)	(172,739)	(276,270)	(176,971)	(162,318)	(339,289)
EXPENDITURE						
LB Lambeth	52,323	130,431	182,754	80,640	122,882	203,522
Central Government	57,555	0	57,555	42,000	0	42,000
Greater London Assembly (GLA)	64,531	37,032	101,563	45,360	35,018	80,378
Business Rates Supplement						
Payment to GLA	2,637	0	2,637	5,052	0	5,052
Administrative Costs	9	0	9	0	0	0
Charges to Collection Fund						
Write-offs of uncollectable amounts	458	2,519	2,977	835	4,753	5,588
Increase/(Decrease) in Impairment on receivables	751	1,827	2,578	(1,932)	(889)	(2,821)
Increase/(Decrease) in Provision for Appeals	6,984	0	6,984	(2,587)	0	(2,587)
Interest on Refunds	2	0	2	0	0	0
Disregarded Amount	0	0	0	37	0	37
Cost of Collection	499	0	499	495	0	495
	185,749	171,809	357,558	169,900	161,764	331,664
(Surplus) / Deficit during year	82,218	(930)	81,288	(7,071)	(554)	(7,625)
Collection Fund (Surplus)/Deficit at 1 April	(8,705)	(4,831)	(13,536)	(16,203)	(9,163)	(25,366)
Fund balance distributed in year	11,122	4,669	15,791	14,569	4,886	19,455
(Surplus) / Deficit during year	82,218	(931)	81,288	(7,071)	(554)	(7,625)
Collection Fund (Surplus)/Deficit at 31 March	84,635	(1,093)	83,543	(8,705)	(4,831)	(13,536)
Analysis of Fund balance distributed in year:						
LB Lambeth	5,600	3,634	9,234	7,336	3,849	11,185
Central Government	2,372	0	2,372	1,930	0	1,930
GLA	3,150	1,035	4,185	5,303	1,037	6,340
	11,122	4,669	15,791	14,569	4,886	19,455

SHARE OF BALANCES BETWEEN LONDON BOROUGH OF LAMBETH AND ITS PRECEPTORS

The Collection Fund Income and Expenditure Account is prepared on an accruals basis. Lambeth, as the billing agent, includes appropriate shares of the year end balances in its balance sheet and those of its preceptors. The apportionment is detailed in the table below.

COLLECTION FUND	Total Collection Fund		Central Government		London Borough of Lambeth		Greater London Assembly	
	£'000s		£'000s		£'000s		£'000s	
	CTAX	NNDR	CTAX	NNDR	CTAX	NNDR	CTAX	NNDR
Apportionment Basis	100%	100%	N/A	33%	77.2%	30%	22.8%	37%
Arrears	47,634	19,686	N/A	6,496	36,750	5,906	10,884	7,284
Impairment on receivable	(24,400)	(2,400)	N/A	(792)	(18,825)	(720)	(5,575)	(888)
Appeals Provision	N/A	(13,342)	N/A	(4,403)	N/A	(4,003)	N/A	(4,937)
Overpayments & Pre-payments	(7,710)	(12,086)	N/A	(3,989)	(5,948)	(3,626)	(1,762)	(4,472)
(Surplus)/Deficit	(1,093)	84,636	N/A	27,736	(843)	25,826	(250)	31,073

NOTES TO THE COLLECTION FUND

43. Council Tax

Council tax is charged on residential properties and is based on the value of the property. Each property falls into one of eight bands A-H based on estimated market values at 1 April 1991. During the annual budget setting process the council determines the charge for its band D properties by dividing its budget requirement by the tax base. The council tax base is the total number of chargeable dwellings (adjusted for dwellings where discounts and exemptions apply). The tax for the other bands is calculated as a proportion of the band D tax.

For the year ended 31 March 2021, the band D council tax was set at £1,501.64 based upon a tax base of 111,520 (for 2019/20, £1,445.20 based upon a tax base of 109,258) and includes the £332.07 requirement for the Greater London Authority (£320.51 in 2019/20). The table below shows the calculation of the council Tax Base for 2020/21.

Valuation Band	Total no. of dwellings on valuation list	Total equivalent dwellings after adjustments	Ratio to Band D	Band D equivalents
A	4,773	3,365	6/9	2,243
B	31,610	22,342	7/9	17,377
C	40,815	32,920	8/9	29,262
D	31,849	26,843	9/9	26,843
E	15,275	13,504	11/9	16,505
F	9,488	8,885	13/9	12,834
G	5,348	5,218	15/9	8,697
H	918	901	18/9	1,803
TOTALS	140,076	113,979		115,565
Adjustment for collection rate				(4,045)
Tax base for Council Tax purposes				111,520

44. National Non-Domestic Rates also known as business rates are based on the local rateable values of commercial properties multiplied by a uniform collection rate known as the multiplier after taking into account transitional arrangements. The rateable values are set by the Valuation Office Agency (VOA) and multiplier rates are set annually by Central Government. In 2020/21 the standard multiplier was set at 51.2p (50.4p in 2019/20) and the small business rate multiplier was set at 49.9p (49.1p in 2019/20). The total rateable value at the end of March 2021 was £443.1m (£424.2m on 31 March 2020).

The total business rates income is based on the 2020/21 estimated collection and the 2019/20 surplus/deficit. However, as this is determined before the end of 2019/20 an adjustment is required in 2020/21 to account for the difference between the estimated position and the actual position. This difference (surplus/deficit) is distributed/clawed back in the following financial year.

Due to the detrimental effects of COVID-19 on rates income which resulted in the deficits on Local Authorities collection fund in 2020-21 being larger than normal, the Government announced an amendment to the rules governing the apportionment of collection fund surpluses / deficits for council tax and non-domestic rates - The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020. The regulations state that the repayment of exceptional collection fund deficits arising in 2020-21 will spread over the next three years (2021-22 to 2023-24) rather than the usual period of one year.

In 2020/21 Lambeth agreed to pool its rates with other London boroughs in order to maximise its financial benefit. This decision was taken after the government decided not to continue with the London Pilot Pool beyond March 2020 and revert to the original business rates system of distribution. This meant that London Borough Councils would retain 30% and GLA 37% share of the business rates known as the 67% scheme. Although this decision meant the pilot ceased, under the original business rates retention legislation, groups of authorities can form pools where they think there will be a financial benefit from doing so. With this option available all London boroughs agreed to form a pool in 2020/21.

45. Business Rate Supplements (BRS)

BRS were introduced by the Business Rate Supplements Act 2009. A Business Rate Supplement is a non-exchange transaction, and as such is accounted for under *IPSAS 23 (International Public Sector Accounting Standard) Revenue from Non-Exchange Transactions (Taxes and Transfers)*. Lambeth (LBL) bills its ratepayers for the Crossrail BRS. Supplements are charged on commercial properties whose rateable value is more than £70,000 multiplied by the BRS multiplier which is 2p (unchanged from previous years). This income is not the income of the authority and is not included in the Comprehensive Income and Expenditure Statement. Amounts deducted from BRS income to meet administrative expenses are the authority's income.

The accounting statement shows the amounts required by statute to be credited to the Collection Fund after cost of collection and other adjustments and payments made to GLA.

GROUP ACCOUNTS

The Group Accounts are a consolidation of the financial statements of London Borough of Lambeth and its wholly owned subsidiary HFL Group Limited.

HFL GROUP LIMITED is a parent company to:

HFL BUILD LIMITED
HFL HOMES LIMITED
HFL LIVING LIMITED

The accounts of HFL GROUP LIMITED that have been consolidated into the following Group Accounts, are themselves a consolidation of the financial statements of the four companies.

The following statements and notes are presented in addition to the council's 'single entity' financial statements. We have included here only the statements and notes considered necessary to show the full picture of the council's economic activities and financial position when viewed in conjunction with the single entity accounts.

The Group Accounts comprise:

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

Notes to the Group Accounts:

- Accounting Policies
- Property, Plant & Equipment
- Capital Commitments
- Unusable Reserves
- Investing Activities
- Financing Activities
- Senior Officer's Remuneration
- Higher Earners

GROUP COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

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

	2020/21			2019/20		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Adults & Health	191,170	(101,007)	90,163	174,629	(78,550)	96,079
Legal, Strategy & Communications	14,189	(1,364)	12,825	13,825	(2,931)	10,894
Children's Services	368,020	(281,899)	86,121	371,255	(268,630)	102,625
Corporate Items	46,017	(965)	45,052	30,033	(556)	29,477
Finance & Investment	32,652	(17,788)	14,864	111,052	(77,038)	34,014
Housing Revenue Account	158,757	(148,589)	10,168	99,810	(181,496)	(81,686)
Resident Services	375,688	(270,758)	104,930	371,480	(284,170)	87,310
Sustainable Growth & Opportunity	37,416	(11,989)	25,427	14,068	(8,188)	5,880
HFL Group	3,235	(4,306)	(1,071)	1,642	(537)	1,105
COST OF SERVICES	1,227,144	(838,665)	388,479	1,187,794	(902,096)	285,698
Levies			3,894			3,915
Payments to the Government						28,262
Housing Capital Receipts Pool			4,093			
(Gains)/losses on the Disposal of						(9,716)
Non-Current Assets			3,878			
Other Expenditure			91			100
Other Operating (Income)/Expenditure			11,956			22,561
Interest Payable and Similar			34,737			37,393
Charges - other						
Net interest on the net pensions			13,106			18,788
liability			(667)			(821)
Investment Interest income						
Impairments on Receivables			13,083			12,285
Impairment Losses / (Gains) on			(55)			3,759
Investments						
Financing and Investment Income and Expenditure			60,204			71,404
Taxation and Non-Specific Grant Income			(390,355)			(358,401)
Group (SURPLUS) OR DEFICIT ON PROVISION OF SERVICES			70,284			21,262
Loss / (Gain) on revaluation of non-current assets			22,673			(71,965)
Remeasurements of the Net Defined Benefit Liability			143,127			(244,248)
Other Comprehensive (Income) and Expenditure			165,800			(316,213)
Total Comprehensive Income and Expenditure			236,084			(294,951)

This Group version of the Comprehensive Income & Expenditure Statement (CIES) includes a separate line for HFL Group showing Gross Expenditure and Gross Income as part of the Cost of Services. There are also costs incurred by HFL Group Limited within the lines for Interest Payable and Similar Charges and for Impairments on Receivables. Where other lines differ from the London Borough of Lambeth (LBL) CIES, this is due to consolidation adjustments to remove the impact of transactions between LBL and HFL.

GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the individual 'usable reserves' (that is those that can be applied to fund expenditure or reduce local taxation) held by the authority, and there is one column for unusable reserves. The Total Comprehensive Income and Expenditure line here shows the surplus / deficit on the provision of services in the total usable reserves column and the other comprehensive (income) and expenditure in the unusable reserves column. These show the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

2020/21	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve (Capital) £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000	Subsidiary Reserves – HFL Group Limited £'000	Total Group Reserves £'000
Balance at 31 March 2020 brought forward	(128,577)	(60,096)	(38,197)	0	(68,533)	(295,403)	(2,277,004)	(2,572,407)	2,575	(2,569,832)
Total Comprehensive Income and Expenditure	46,895	23,617	0	0	0	70,512	165,800	236,312	(228)	236,084
Adjustments between group accounts and authority accounts	990	(159)	0	0	0	831	0	831	(156)	675
Adjustments between accounting basis & funding basis under regulations	(112,722)	7,564	(4,369)	0	5,329	(104,198)	104,198	0	0	0
(Increase)/Decrease in 2020/21	(64,837)	31,022	(4,369)	0	5,329	(32,855)	269,998	237,143	(384)	236,759
Balance at 31 March 2021 carried forward	(193,414)	(29,074)	(42,567)	0	(63,204)	(328,259)	(2,007,005)	(2,335,264)	2,191	(2,333,073)
GF and HRA Balance analysed over										
Earmarked reserves	(151,068)	(17,944)								
LMS (Schools) Balance	(17,486)									
Balances not earmarked	(24,860)	(11,130)								
Balance at 31 March 2021	(193,414)	(29,074)								

The Group Movement in Reserves Statement includes an extra column for the Subsidiary Reserves for HFL Group Limited.

The HfL Group Limited reserves have been adjusted to remove the £8m worth of equity that was issued to Lambeth council in exchange for assets transferred across in 2019/20.

2019/20	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve (Capital) £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000	Subsidiary Reserves – HFL Group Limited £'000	Total Group Reserves £'000
Balance at 31 March 2019 brought forward	(108,081)	(57,690)	(69,168)	251	(78,911)	(313,599)	(1,961,979)	(2,275,578)	697	(2,274,881)
Total Comprehensive Income and Expenditure	91,038	(71,572)	0	0	0	19,466	(316,295)	(296,829)	1,878	(294,951)
Adjustments between group accounts and authority accounts	(82)	0	0	0	0	(82)	82	0	0	0
Adjustments between accounting basis & funding basis under regulations	(111,452)	69,166	30,971	(251)	10,378	(1,188)	1,188	0	0	0
(Increase)/Decrease in 2019/20	(20,496)	(2,406)	30,971	(251)	10,378	18,196	(315,025)	(296,829)	1,878	(294,951)
Balance at 31 March 2020 carried forward	(128,577)	(60,096)	(38,197)	0	(68,533)	(295,403)	(2,277,004)	(2,572,407)	2,575	(2,569,832)
GF and HRA Balance analysed over										
Earmarked reserves	(96,531)	(48,590)								
LMS (Schools) Balance	(10,738)									
Balances not earmarked	(21,308)	(11,506)								
Balance at 31 March 2020	(128,577)	(60,096)								

GROUP BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities held by the council. The council's net assets (assets less liabilities) are matched by the reserves it holds. These reserves are shown in two categories – usable and unusable. Usable reserves may be used to provide services subject to statutory limitations and the need to maintain prudent levels of reserves for financial stability. Unusable reserves cannot be used to fund council services.

	31 March 2021	31 March 2020
	£'000	£'000
Property, Plant & Equipment	3,845,749	3,877,541
Heritage Assets	2,420	1,958
Intangible Assets	2,797	2,830
Long Term Investments	26,296	26,241
Long-Term Debtors	741	929
Long Term Assets	3,878,003	3,909,499
Assets Held for Sale (within one year)	440	1,636
Inventories	53	0
Short Term Debtors	206,534	149,034
Short Term Investments	10,046	35,288
Cash and Cash Equivalents	83,148	32,783
Current Assets	300,221	218,741
Short Term Borrowing	(7,081)	(7,074)
Short Term Creditors	(175,943)	(179,825)
Provisions	(58,545)	(29,159)
Grants Receipts in Advance - Revenue	(76,326)	(15,274)
Grants Receipts in Advance - Capital	(30,843)	(25,812)
Current Liabilities	(348,738)	(257,144)
Long Term Creditors	(86,010)	(90,738)
Provisions	(12,759)	(22,154)
Long Term Borrowing	(651,283)	(591,658)
IAS19 Net Pension Liability	(716,865)	(562,180)
Grants Receipts in Advance - Capital	(29,496)	(34,534)
Long Term Liabilities	(1,496,413)	(1,301,264)
Net Assets	2,333,073	2,569,832
Total usable reserves	(328,259)	(295,403)
Total unusable reserves	(2,007,005)	(2,277,004)
Total authority reserves	(2,335,264)	(2,572,407)
HfL Group Limited reserves	2,191	2,575
Total Reserves	(2,333,073)	(2,569,832)

GROUP CASH FLOW STATEMENT

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

Year Ended 31 March	Notes	2020/21 £'000	2019/20 £'000
Net (surplus) or deficit on the provision of services		70,284	21,262
<u>Adjust net surplus or deficit on the provision of services for non-cash movements</u>			
Depreciation and amortisation	(62,194)	(60,446)	
Impairment and revaluations	(48,547)	46,327	
Impairment gain/(loss) on investments	55	(3,759)	
(Increase)/Decrease in Creditors	(98,000)	17,980	
Increase/(Decrease) in Debtors	22,802	(3,125)	
Increase/(Decrease) in Inventories	53	0	
Other adjustments	1,260	604	
Increase/(Decrease) in Accrued Investment Income	(242)	261	
Pension Liability	(11,558)	(31,615)	
Contributions (to)/from Provisions	(19,990)	48,755	
Carrying amount of non-current assets sold (property plant and equipment, investment property and intangible assets)	(21,011)	(14,524)	
Adjustments to net surplus or deficit on the provision of services for non-cash movements		(237,372)	458
<u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u>			
Capital Grants credited to surplus or deficit on the provision of services	19,419	25,545	
Proceeds from the sale of property plant and equipment, investment property and intangible assets	17,114	24,047	
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		36,533	49,592
Net Cash Flows from Operating Activities		(130,555)	71,312
Investing Activities	5	90,733	89,828
Financing Activities	6	(10,543)	(137,121)
Net (increase) or decrease in cash and cash equivalents		(50,365)	24,019
Cash and cash equivalents at the beginning of the reporting period		32,783	56,802
Cash and cash equivalents at the end of the reporting period		83,148	32,783

NOTES TO THE GROUP ACCOUNTS

1. Group Accounting Policies

The group accounts have been prepared on the basis of the same accounting policies set out in Lambeth's single entity financial statements. See Note 1 on page 27.

The method of preparation of group accounts involves combining figures from Lambeth's accounts with figures from HFL Group Limited's group accounts and then adjusting to remove the accounting impact of any intragroup transactions between Lambeth and HFL.

2. Group Property Plant & Equipment

Balances as at 31 March 2021	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation	2,266,631	1,215,894	114,636	268,041	8,955	75,425	98,509	4,048,091
Accumulated Depreciation	(8,810)	(1,361)	(77,520)	(114,363)	0	(288)	0	(202,342)
Carrying Amount	2,257,821	1,214,533	37,116	153,678	8,955	75,137	98,509	3,845,749

Owned	2,218,940	1,159,628	37,116	141,113	8,778	75,137	98,509	3,739,221
PFI	38,881	54,905	0	12,565	177	0	0	106,528
Carrying Amount	2,257,821	1,214,533	37,116	153,678	8,955	75,137	98,509	3,845,749

Movements in Carrying Amount	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
At 1 April 2020	2,254,295	1,309,970	59,966	152,752	7,382	41,957	51,219	3,877,541
Reclassifications	17,522	(61,994)	(17,820)	0	0	55,881	6,411	0
Additions	30,167	28,568	6,612	11,390	1,590	215	40,879	119,421
Revaluation gains/(losses) recognised in the revaluation reserve	(7,197)	(7,657)	0	0	(17)	(6,665)	0	(21,536)
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	(7,053)	(25,433)	0	0	0	(15,801)	0	(48,287)
Depreciation	(26,303)	(14,319)	(8,662)	(10,464)	0	(450)	0	(60,198)
Impairments recognised in the revaluation reserve	(70)	(1,067)	0	0	0	0	0	(1,137)
Impairments recognised in the surplus / deficit on the provision of services	(125)	(135)	0	0	0	0	0	(260)
Disposals and Decommissioning	(3,415)	(12,960)	(2,980)	0	0	0	0	(19,355)
Assets reclassified (to) / from Held for Sale	0	(440)	0	0	0	0	0	(440)
At 31 March 2021	2,257,821	1,214,533	37,116	153,678	8,955	75,137	98,509	3,845,749

This note differs from the single entity note for Property, Plant & Equipment because HFL Group Limited hold assets on their balance sheet that are categorised above in the following columns:

- Other Land and Buildings
- Vehicles, Plant, Furniture & Equipment; and
- Assets Under Construction.

Balances as at 31 March 2020	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation	2,254,362	1,320,555	155,200	256,650	7,382	42,088	51,219	4,087,456
Accumulated Depreciation	(67)	(10,585)	(95,234)	(103,898)	0	(131)	0	(209,915)
Carrying Amount	2,254,295	1,309,970	59,966	152,752	7,382	41,957	51,219	3,877,541

Owned	2,215,287	1,257,552	57,220	139,754	7,205	41,957	51,219	3,770,194
PFI	39,008	52,418	2,746	12,998	177	0	0	107,347
Carrying Amount	2,254,295	1,309,970	59,966	152,752	7,382	41,957	51,219	3,877,541

Movements in Carrying Amount	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2019	2,147,366	1,227,516	51,486	152,450	6,507	23,042	61,946	3,670,313
Reclassifications	(5,756)	29,702	0	0	0	8,224	(32,170)	0
Additions	36,322	68,285	14,529	11,507	875	1,144	21,547	154,209
Revaluation gains/(losses) recognised in the revaluation reserve	60,067	16,373	92	0	0	360	0	76,892
Revaluation gains/(losses) recognised in the surplus / deficit on the provision of services	45,230	(7,467)	(23)	0	0	11,107	0	48,847
Depreciation	(24,510)	(17,308)	(6,118)	(11,205)	0	(203)	0	(59,344)
Impairments recognised in the revaluation reserve	(164)	(4,764)	0	0	0	0	0	(4,928)
Impairments recognised in the surplus / deficit on the provision of services	(301)	(2,146)	0	0	0	(80)	(104)	(2,631)
Disposals and Decommissioning	(3,959)	(221)	0	0	0	(1)	0	(4,181)
Assets reclassified (to) / from Held for Sale	0	0	0	0	0	(1,636)	0	(1,636)
At 31 March 2020	2,254,295	1,309,970	59,966	152,752	7,382	41,957	51,219	3,877,541

3. Group Capital Commitments

	2020/21 £'000	2019/20 £'000
Finance & Investment	0	10,696
Resident Services (GF)	27,858	6,467
Resident Services (HRA)	23,612	39,513
Sustainable Growth & Opportunity	6,635	24,116
Homes For Lambeth	9,811	5,470
Total	67,916	86,262

The figures in the note above are based on outstanding purchase order amounts.

The largest capital commitments within Resident Services (GF) are for Lambeth Archives, the new build of an Adult Day Centre, Sudbourne School and a Waste and Cleansing Fleet Replacement programme. Somerleyton Road works are the largest capital commitment within Sustainable Growth & Opportunity. The HRA includes LHS works and expenditure relating to Fire Risk Assessment works.

The £9.8m Homes For Lambeth capital commitments above include £9.7m relating to site costs, £9.0m of which relates to South Lambeth – Phase 1.

4. Group Unusable Reserves

Unusable Reserve	Adjustments between Accounting and Funding Basis 2020/21						
	Opening Balance	Comprehensive Income and Expenditure 2020/21	Adjustments to Revenue Resources	Transfers Between Revenue and Capital Resources	Adjustments to Capital Resources	Other Movements	Closing Balance
	1 Apr 2020 £000	(CIES) £000	£000	£000	£000	£000	31 Mar 2021 £000
Revaluation Reserve	(958,310)	22,673	0	0	0	16,630	(914,060)
Financial Instruments Adjustment Account	3,933	0	(66)	0	0	0	3,867
Pensions Reserve	562,180	143,127	11,558	0	0	0	716,865
Collection Fund Adjustment Account	(8,054)	0	33,037	0	0	0	24,983
Accumulated Absences Account	4,100	0	476	0	0	0	4,576
Capital Adjustment Account	(1,920,946)	0	137,414	(9,461)	(60,549)	(16,630)	(1,875,119)
Deferred Capital Receipts	(391)	0	0	0	1	0	(390)
Dedicated Schools Grant Adjustment Account	0	0	474	0	0	0	474
Redress Capitalisation Directive Reserve	40,484	0	0	0	(8,685)	0	31,799
Total	(2,277,004)	165,800	182,893	(9,461)	(69,233)	0	(2,007,005)

Unusable Reserve	Adjustments between Accounting and Funding Basis 2019/20						Closing Balance
	Opening Balance	Other Comprehensive Income and Expenditure 2019/20	Adjustments to Revenue Resources	Transfers Between Revenue and Capital Resources	Adjustments to Capital Resources	Other Movements	
	1 Apr 2019 £000	(CIES) £000	£000	£000	£000	£000	
Revaluation Reserve	(901,679)	(71,965)	0	0	0	15,334	(958,310)
Financial Instruments Adjustment Account	185	0	3,748	0	0	0	3,933
Pensions Reserve	774,813	(244,248)	31,615	0	0	0	562,180
Collection Fund Adjustment Account	(15,330)	0	7,276	0	0	0	(8,054)
Accumulated Absences Account	4,100	0	0	0	0	0	4,100
Capital Adjustment Account	(1,906,954)	0	92,755	(6,994)	(84,419)	(15,334)	(1,920,946)
Deferred Capital Receipts	(392)	0	0	0	1	0	(391)
Redress Capitalisation Directive Reserve	83,278	0	0	0	(42,794)	0	40,484
Total	(1,961,979)	(316,213)	135,394	(6,994)	(127,212)	0	(2,277,004)

For explanations of each of the unusable reserves above, please see note 31 Unusable Reserves in the single-entity financial statements.

5. Group Investing Activities

	2020/21 £'000	2019/20 £'000
Purchase of property, plant and equipment, investment property and intangible assets	152,203	127,178
Purchase of short-term and long-term investments	10,000	40,000
Other payments for investing activities	81	0
Proceeds from the sale of property, plant and equipment and intangible assets	(17,114)	(24,047)
Proceeds from short-term and long-term investments	(35,000)	(20,000)
Other receipts from investing activities	(19,437)	(33,303)
Net cash flows from investing activities	90,733	89,828

6. Group Financing Activities

	2020/21 £'000	2019/20 £'000
Cash receipts of short and long-term borrowing	(50,000)	(150,000)
Council Tax and NNDR adjustments	34,079	7,636
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	5,378	5,243
Repayments of short- and long-term borrowing	0	0
Net cash flows from financing activities	(10,543)	(137,121)

7a. Group Senior Offer Remuneration

The remuneration paid to the senior employees of the Group (both London Borough of Lambeth and Homes For Lambeth and its subsidiary companies) is as follows:

Name and Title	Notes	Year	Salary, Fees & Allowances £	Expense Allowances £	Redundancy / Severance payments £	Total Remuneration excl employers' pension contributions £	Employers' pension contributions £	Election Payment (incl pension) £	Total Remuneration incl employers' pension contributions £
Andrew Travers Chief Executive	1	2020/21 2019/20	185,000 185,000	0 0	0 0	185,000 185,000	0 33,855	0 0	185,000 218,855
Fiona McDermott Strategic Director: Finance and Investment	2	2020/21 2019/20	165,962 87,041	0 0	0 0	165,962 87,041	0 0	0 0	165,962 87,041
Strategic Director, Corporate Resources	3	2020/21 2019/20	0 6,934	0 0	0 25,000	0 31,934	0 21,497	0 0	0 53,431
Bayo Dosunmu Strategic Director: Resident Services	4	2020/21 2019/20	165,962 105,943	0 0	0 0	165,962 105,943	32,031 19,388	0 0	197,993 125,331
Strategic Director – Housing, Regeneration & Environment	5	2020/21 2019/20	0 9,355	0 0	0 10,000	0 19,355	0 0	0 0	0 19,355
Strategic Director: Integrated Health and Adult Care	6	2020/21 2019/20	74,400 36,547	0 0	0 0	74,400 36,547	10,618 5,255	0 0	85,019 41,802
Fiona Connolly Executive Director Adult Social Care	7	2020/21 2019/20	150,356 152,140	0 0	0 0	150,356 152,140	29,019 27,842	0 0	179,375 179,982
Merlin Joseph Strategic Director of Children's Services	8	2020/21 2019/20	172,909 0	0 0	0 0	172,909 0	33,371 0	0 0	206,281 0
Annie Hudson Strategic Director - Children's Services	9	2020/21 2019/20	31,489 169,843	0 0	0 0	31,489 169,843	0 0	0 0	31,489 169,843
Strategic Director - Sustainable Growth & Opportunity (Job Share)	10	2020/21 2019/20	99,577 45,245	0 0	0 0	99,577 45,245	19,218 8,280	0 0	118,796 53,524
Strategic Director - Sustainable Growth & Opportunity (Job Share)	10	2020/21 2019/20	99,577 45,245	0 0	0 0	99,577 45,245	19,218 8,280	0 0	118,796 53,524
Interim Strategic Director: Sustainable Growth	11	2020/21 2019/20	0 98,740	0 0	0 0	0 98,740	0 0	0 0	0 98,740
Christina Thompson Director Finance and Property	12	2020/21 2019/20	136,500 141,656	0 0	0 0	136,500 141,656	22,471 25,923	0 0	158,971 167,579
The Director of Public Health		2020/21 2019/20	110,116 107,169	0 0	0 0	110,116 107,169	21,252 19,612	0 0	131,368 126,781
Alison McKane Director: Legal and Governance	13	2020/21 2019/20	88,737 122,045	0 0	0 0	88,737 122,045	16,135 22,334	0 0	104,872 144,379
Tasnim Shawkat Interim Director: Legal and Governance	14	2020/21 2019/20	57,500 0	0 0	0 0	57,500 0	0 0	0 0	57,500 0
Director: Strategy & Communications	15	2020/21 2019/20	99,271 69,823	0 0	0 0	99,271 69,823	19,159 12,778	0 0	118,430 82,600

Name and Title	Notes	Year	Salary, Fees & Allowances	Expense Allowances	Redundancy / Severance payments	Total Remuneration excl employers' pension contributions	Employers' pension contributions	Election Payment (incl pension)	Total Remuneration incl employers' pension contributions
Christopher Toye	16	2020/21	169,346	0	0	169,346	0	0	169,346
Head Teacher -Ashmole, Vauxhall, Herbert Morrison and Wyvil Schools		2019/20	182,531	0	0	182,531	0	0	182,531
Gary Phillips		2020/21	125,455	0	0	125,455	29,708	0	155,162
Headteacher: Lilian Baylis School		2019/20	120,667	0	0	120,667	25,018	0	145,685
Linda Adams		2020/21	129,454	0	0	129,454	30,655	0	160,108
Headteacher: Turney School		2019/20	123,999	0	0	123,999	25,693	0	149,692
Jitinder Takhar	17	2020/21	188,700	0	0	188,700	18,870	0	207,570
Chief Executive: Homes for Lambeth		2019/20	92,500	0	0	92,500	9,250	0	101,750
Melanie Hyland	18	2020/21	158,100	0	0	158,100	4,743	0	162,843
Director of Finance and Resources: Homes for Lambeth		2019/20	38,750	0	0	38,750	1,163	0	39,913

* Salary, fees and allowances include amounts considered for tax in the year it was paid and may include adjustments for payments relating to prior years

1 to 16. See notes in Note 7 Senior Officer Remuneration of the single-entity financial statements.

17. Jitinder Takhar started as Chief Executive: Homes for Lambeth on 2nd September 2019.

18. Melanie Hyland started as Director of Finance and Resources: Homes for Lambeth on 6th January 2020.

7b. Group Higher Earners

The remuneration of the council's other employees receiving £50,000 or more, excluding pension contributions, is shown below in bands of £5,000. Due to pay inflation, the number of individuals falling within the scope of this disclosure increases each year. This note excludes those disclosed in the previous note.

Remuneration band	Number of school employees		Number of other LBL employees		Number of HFL employees		Total number of employees	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
£50,000 - £54,999	248	194	183	112	1	0	432	306
£55,000 - £59,999	101	102	80	42	5	2	186	146
£60,000 - £64,999	74	90	55	63	1	2	130	155
£65,000 - £69,999	46	30	52	27	0	0	98	57
£70,000 - £74,999	29	22	9	16	2	1	40	39
£75,000 - £79,999	19	12	28	8	0	0	47	20
£80,000 - £84,999	14	17	11	10	1	0	26	27
£85,000 - £89,999	8	9	14	14	1	0	23	23
£90,000 - £94,999	16	6	6	4	0	0	22	10
£95,000 - £99,999	2	7	1	1	2	0	5	8
£100,000 - £104,999	5	7	4	1	0	0	9	8
£105,000 - £109,999	4	4	2	2	2	1	8	7
£110,000 - £114,999	7	5	3	3	0	0	10	8
£115,000 - £119,999	2	0	3	1	1	0	6	1
£120,000 - £124,999	1	2	2	0	0	1	3	3
£125,000 - £129,999	0	1	2	1	1	0	3	2
£130,000 - £134,999	0	0	0	1	0	0	0	1
£135,000 - £139,999	1	0	0	0	0	0	1	0
£140,000 - £144,999	0	0	0	0	0	0	0	0
£145,000 - £149,999	0	0	0	0	2	0	2	0
Total for £50,000 to £149,999	577	508	455	306	19	7	1051	821

PENSION FUND ACCOUNT, NET ASSETS AND NOTES

FUND ACCOUNT		2020/21	RESTATED
		£'000	2019/20 £'000
Dealing with members, employers and others directly involved in the fund:			
Contributions	7	(53,703)	(49,271)
Transfers in from other pension funds	8	(3,982)	(3,025)
		(57,685)	(52,296)
Benefits	9	59,251	57,125
Payments to and on account of leavers	10	9,959	5,748
		69,210	62,873
Net (additions)/withdrawals from dealing with members		11,526	10,577
Management expenses	11	9,298	9,254
Net additions/withdrawals including fund management expenses		20,823	19,832
Returns on investments:			
Investment Income	12	(28,089)	(26,806)
Tax on Income	13a	0	16
Profit and loss on disposal of investments and changes in the market value of investments and currency	14a	(353,247)	19,169
Net return on investments		(381,336)	(7,621)
Net decrease / (increase) in the net assets available for benefits during the year		(360,513)	12,211
Opening net assets of the scheme		(1,427,234)	(1,439,444)
Closing net assets of the scheme		(1,787,746)	(1,427,234)

The 2019/20 Fund Account has been restated to increase the value of management expenses from £2,423m to £9,254m, and reduce the loss on disposal of assets/change in market value of investments from £26,000m to £19,169m. Further detail is provided in the Notes to the Accounts. This is a reclassification, and hence had no impact on the closing net assets of the scheme at 31 March 2020.

	2019/20 £000	Change	RESTATED 2019/20 £000
Return on Investments	33,837	(6,831)	26,806

	2019/20 £000	Change	RESTATED 2019/20 £000
Change in Market Value	26,000	(6,831)	19,169

NET ASSETS STATEMENT		2020/21 £000	2019/20 £000
Investment Assets	14	1,769,263	1,403,086
Cash Deposits	14	0	0
Total Investment Assets		1,769,263	1,403,086
Current Assets	20	18,484	24,161
Current Liabilities	21	0	(13)
Net assets of the fund available to fund benefits at the period end.		1,787,746	1,427,234

Notes to the Accounts

The accompanying notes form an integral part of the financial statements.

Note 1: Description of the Fund

The Lambeth Pension Fund ('the Fund') is part of the Local Government Pension Scheme and is administered by London Borough of Lambeth Council. The council is the reporting entity for this pension fund.

The following description of the Fund is a summary only. For more detail, reference should be made to the Lambeth Pension Fund Annual Report 2020/21 and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and The Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).

1) General

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation (referred to henceforth as "the Regulations"):

The Local Government Pension Scheme (LGPS) 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.

It is a contributory defined benefit pension scheme administered by Lambeth Council to provide pensions and other benefits for pensionable employees of the council and a range of other scheduled and admitted bodies within the borough.

The Fund is overseen by the Lambeth Pensions Committee, a statutory committee of Lambeth Council with authority to discharge the council's functions in relation to the pension fund.

2) Membership

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

Organisations participating in the Lambeth Pension Fund include:

Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.

Admitted bodies, which are other organisations that participate in the Fund via an admission agreement. Admitted bodies include voluntary and charitable bodies or private contractors undertaking an outsourced local authority function.

There are 24 employer organisations within the Fund including Lambeth council itself, as detailed below.

Lambeth Pension Fund	31 Mar 2021	31 Mar 2020
Number of employers with active members	24	25
Number of employees in scheme:		
Lambeth council	4,551	4,488
Other employers	462	458
Total	5,013	4,946
Number of pensioners:		
Lambeth council	7,374	8,164
Other employers	81	246
Total	7,455	8,410
Deferred pensioners:		
Lambeth council	8,160	7,606
Other employers	300	80
Total	8,460	7,686
Total number of members in pension scheme	20,928	21,042

3) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Regulations and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2021. Employee contributions are matched by employers' contributions that are set based on triennial actuarial funding valuations. The last such valuation was as at 31 March 2019. Currently, employer contribution rates range from 0% to 51.4% of pensionable pay.

4) Benefits

For each year of LGPS membership built up between 1 April 2008 and 31 March 2014 Fund members receive a pension based on 1/60th of their final pay summarised below.

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

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below.

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay each year at an accrual rate of 1/49th. Accrued pension benefits are updated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the Lambeth Pension Fund scheme handbook available from Lambeth Town Hall or on the LGPS website at the following link: <https://www.lgpslambeth.org/media/4851/full-scheme-guide-2019.pdf>

Note 2: Basis of Preparation

The statement of accounts summarises the Fund's transactions for the 2020/21 financial year and its position as at 31 March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code"), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year.

The Code requires the disclosure of any accounting standards issued but not yet adopted; no such accounting standards have been identified for 2020/21.

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

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 in the payroll period to which they relate.

- Employer contributions are based on the percentage rate recommended by the scheme actuary.
- Employee contributions are based on the Regulations and range from 5.5% to 12.5% of pensionable pay.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary, or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions 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 asset.

b) Transfers to and from other schemes

Individual transfers in/out are accounted for on a cash basis when received/paid, which is normally when the member liability is accepted or discharged (see notes 8 and 10).

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see note 8).

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

c) Investment income

i) Interest income

Interest income is recognised in the fund account as it accrues, using normal accruals accounting. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend income

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

iii) Distributions from pooled funds

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

iv) Movement in the net market value of investments

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

Fund account – expense items

d) Benefits payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. 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. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

f) Management expenses

The Code does not require any breakdown of costs relating to administration, oversight and governance, and managing investments. However, in the interests of greater transparency, the Fund discloses its total pension fund management expenses in note 11 in accordance with the CIPFA guidance on *Accounting for Local Government Pension Scheme Management Expenses (2016)*.

Administrative expenses

Administration expenses include those related to activities performed to administer benefits to members, interactions with scheme employers, and staffing and IT costs. All administration expenses are accounted for on an accruals basis. All staff costs of the pension administration team are charged directly to the Fund as well as a proportion of staff costs relating to the investment management team. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund

Oversight and governance costs

Oversight and governance expenses include costs relating to the selection, appointment and monitoring of external fund managers, investment advisory services, any costs of compliance to salutatory reporting, legal and audit costs. All oversight and governance expenses are accounted for on an accruals basis and charged directly to the Fund.

Investment management expenses

All investment management expenses are accounted for on an accruals basis. Fees of the external fund managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of those investments change.

Investment management expenses deducted at source (which would have been netted off investment income or asset sales) are accounted for by grossing up investment sales; this has the effect of increasing the change in value of investments reported in the Fund Account and the investment reconciliation table in Note 14a, though the closing value of investments as reported in the Net Assets Statement is unaffected. This treatment is in line with CIPFA Guidance 'Accounting for Local Government Pension Scheme Management Expenses 2016'.

Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of the mandate as at the end of the year is used for inclusion in the Fund Account. In 2020/21 there are no fees included in the accounts based on such estimates (2019/20: £0.1m).

Net asset statement

g) Financial assets

Investments are shown at fair value, as at the reporting date. Debtors and cash are accounted for at amortised cost. 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 in the Fund Account.

The value of investments as shown in the net assets statement have been determined as follows:

i) Market-quoted investments

The value of an investment for which there is a readily available market price is determined by the bid market price on the final day of the accounting period.

ii) Fixed interest securities

Fixed interest securities are recorded at net market value based on their current yields.

iii) Unquoted investments

The fair value of investments for which market quotations are not readily available is determined as follows:

Valuations of delisted securities are based on the last sale price prior to delisting or, where subject to liquidation, the amount the Fund expects to receive on wind-up, less estimated realisation costs.

Securities subject to takeover offer – the value of the consideration offered under the offer, less estimated realisation costs.

Unquoted securities typically include private equity. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.

Investments in private equity funds and unquoted listed partnerships are valued based on comparable valuations of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines.

iv) Pooled investment vehicles

Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published or, if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income that is reinvested in the fund, net of applicable withholding tax.

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 currencies, the market value of overseas investments, and purchases and sales outstanding at the end of the reporting period.

j) Cash and cash equivalents

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

k) Financial liabilities

A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. The fund recognises financial liabilities relating to investment trading at fair value 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.

l) Actuarial present value of promised retirement benefits

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

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (note 19).

m) Additional voluntary contributions

Lambeth Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. The Fund has appointed Prudential, Equitable Life, and Clerical Medical as its AVC providers.

AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. AVC contributors receive an annual statement detailing the value of their contributions and any movements in the year.

AVCs are not included in the statement of accounts in accordance with the Regulations but are disclosed separately in the notes to the accounts (note 22).

n) 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 the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in notes 24 and 25.

Note 4: Critical Judgements in Applying Accounting Policies

Unquoted private equity investments

It is important to recognise the highly subjective nature of determining the fair value of private equity investments. They are inherently based on forward-looking estimates and judgements involving many variables. Common judgements used include comparing revenue or earnings multiples to public comparable entities and prices of recent transactions. Valuations are also adjusted to account for company-specific issues, the lack of liquidity inherent in a non-public investment, and the fact that comparable public companies are not identical to the companies being valued.

Unquoted private equities are valued by the investment managers using guidelines set out by the British Private Equity and Venture Capital Association. The value of unquoted private equities at 31 March 2021 was £72.5m (31 March 2020: £67.4m).

Pension fund liability

The net pension fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in note 19. This estimate is subject to significant variances based on changes to the underlying assumptions.

These actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

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

The preparation of financial statements requires management to make judgements, estimates, and assumptions that affect the value of assets and liabilities reported at the balance sheet date as well as the amounts reported for revenue and expenses incurred during the year. Estimates and assumptions consider historical experience, current trends, and other relevant factors; however, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates. The items in the financial statements at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	Estimation of the net liability to pay pensions depends on several complex judgments 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 Fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £228m. A 0.5% increase in assumed earnings inflation would increase the value of liabilities by approximately £210m, and a one-year increase in assumed life expectancy would increase the liability by approximately between £75.1m to £125.2m.
Private equity (Note 14)	Private equity investments are valued at fair value in accordance with British Private Equity and Venture Capital Association guidelines. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation. The valuation shown as at 31 March 2021 is £72.5m.	The total (called) private equity investment in the financial statements is £72.5m. There is a risk that this investment may be under- or overstated in the accounts by up to £17m as a result of market volatility i.e., interest rate, inflation rate. Private Equity is illiquid for holding until its maturity of 12 years.
Pooled property funds (Note 15)	The pension fund contains investments in unitised pooled property funds that are classified within the financial statements as level 3 investments (as detailed in note 15). Due to the outbreak of Covid-19 that has impacted global markets, our fund managers have advised that valuations have been reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book, meaning that less weight can be applied to previous market evidence to inform opinions of value	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by up to 14.1% i.e. an increase or decrease of £22.4m, on carrying values of £159m.
Hedge fund of funds (Note 14)	Fund of funds are valued at the sum of the fair values provided by the administrators of the underlying funds plus adjustments that the fund of funds' directors or independent administrators judge necessary. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation.	The total hedge fund of funds value in the financial statements is £0.4m. There is a risk that the investment may be under or overstated in the accounts. The Investment Advisor reports a tolerance of +/- 6.8% in respect of the net asset values on which the hedge funds of funds valuation is based. This equates to a tolerance of +/- £0.03m.

Note 6: Events after the Reporting Date

There have been no events since 31 March 2021, up to the date when these accounts were authorised that require any adjustments to these accounts.

Note 7: Contributions Receivable

Category	2020/21 £000	2019/20 £000
Employees	10,227	9,544
Employer:		
Normal contribution	30,976	27,727
Deficit recovery contribution	12,500	12,000
Total employer's contribution	43,476	39,727
Total	53,703	49,271

Type of employer	2020/21 £000	2019/20 £000
Administering authority	49,849	45,677
Scheduled bodies	3,341	2,823
Admitted bodies	341	645
Community admission body	106	77
Transferee admission body	66	48
Total	53,703	49,271

Note 8: Transfers in from Other Pension Funds

	2020/21 £000	2019/20 £000
Individual transfer	3,982	3,025
Total	3,982	3,025

Note 9: Benefits Payable

Category	2020/21 £000	2019/20 £000
Pensions	50,107	48,254
Commutation and lump sum retirement benefits	8,078	7,946
Lump sum death benefits	1,065	925
Total	59,251	57,125

Authority	2020/21 £000	2019/20 £000
Administering authority	59,199	56,588
Scheduled bodies	6	309
Admitted bodies	46	176
Community admission body	0	52
Total	59,251	57,125

Note 10: Payments to and on Account of Leavers

	2020/21 £000	2019/20 £000
Refund to members leaving service	283	347
Individual transfers	9,676	5,401
Total	9,959	5,748

Note 11: Management Expenses

	2020/21 £000	RESTATED 2019/20 £000
Administrative costs	1,122	1,275
Investment management expenses	7,699	7,463
Oversight and governance costs	477	517
Total	9,298	9,254

	AS PREVIOUSLY STATED 2019/20 £000	Change	RESTATED 2019/20 £000
Administrative costs	1,422	(147)	1,275
Investment management expenses	1,002	6,461	7,463
Oversight and governance costs	0	517	517
Total	2,423	6,831	9,254

The expenses for 2019/20 have been adjusted between categories due to incorrect categorisation. In addition, investment management expenses deducted at source have now been included in the disclosed total for investment management expenses, having previously been excluded. In 2020/21 the Fund paid £1.1m in staffing costs. This disclosure is as per CIPFA guidance, and further details concerning key management personnel are included within the Annual Report.

Note 11a: Investment Management Expenses

2020/21	Total £000	Management fees £000	Transaction costs £000
Bonds	200	200	0
Equities	0	0	0
Pooled investments	4,202	4,202	0
Pooled property investments	1,239	1,239	0
Private equity	544	544	0
Multi Asset Credit	1,257	1,257	0
Private Debt	226	226	0
Subtotal	7,668	7,668	0
Custody Costs	31		
Total	7,699		

RESTATED 2019/20	Total £000	Management fees £000	Transaction costs £000
Bonds	629	629	0
Equities	0	0	0
Pooled investments	4,353	4,353	0
Pooled property investments	1,301	1,301	0
Private equity	633	633	0
Multi Asset Credit	404	404	0
Private Debt	141	141	0
Subtotal	7,460	7,460	0
Custody Costs	3		
Total	7,463		

This analysis of the costs of managing the Lambeth Pension Fund during the period has been prepared in accordance with CIPFA guidance.

The total management expenses incurred (deducted in the daily pricing of the individual portfolios) for the year were £7.3m (2019-20 £7.3m) of which only £0.094m was invoiced and the remainder deducted at source by fund managers. In addition to these costs, indirect costs are incurred through the bid-offer spread on investments sales and purchases. This is reflected in the cost of investment acquisitions and in the proceeds from the sales of investments (note 14a).

Note 12: Investment Income

	2020/21 £000	2019/20 £000
Fixed interest securities	3	7,057
Private equity income	9,536	6,399
Pooled property investments	4,271	5,318
Pooled investments - unit trust and other managed funds	4,589	7,137
MAC Fund	7,738	175
Private Debt	1,940	684
Interest on cash deposits	0	1
Other	11	36
Total	28,089	26,806

Note 13a: Taxes on Income

	2020/21 £000	2019/20 £000
Tax - equities	0	16
Total	0	16

Note 13b: External Audit Costs

	2020/21 £000	2019/20 £000
Payable in respect of external audit	19	19
Total	19	19

Note 14: Investments Assets

	2020/21 £000	2019/20 £000
Bonds		
Fixed interest securities	222,409	220,332
Equities		
Pooled investments	916,792	735,168
Other investments		
Pooled property investments	159,115	172,433
Private equity	72,508	67,464
Multi Asset Credit	352,080	183,060
Private Debt	46,175	24,446
Subtotal	629,878	447,404
London CIV	150	150
Cash Instruments	34	33
Subtotal	184	182
Total Investment assets	1,769,263	1,403,086

Note 14a: Reconciliation of Movements in Investments

	Market value 1 April 2020	Purchases during the year	Transfers – IN	Sales during the year	Transfers - OUT	Movement in cash during the year	Change in market value	Market value 31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000
Fixed interest	220,332	13,126	0	(13,213)	0	0	2,164	222,409
Pooled investments	735,168	4,454	0	(139,577)	0	0	316,748	916,792
Pooled property	172,433	0	0	(1,475)	0	0	(11,843)	159,115
Private	67,464	492	0	(544)	0	0	5,095	72,508
Multi Asset	183,060	127,538	0	(1,257)	0	0	42,738	352,080
Private Debt	24,446	24,491	0	(226)	0	0	(2,536)	46,175
London CIV	150	0	0	0	0	0	0	150
Cash	33	0	56	0	0	(55)	0	34
Total	1,403,086	170,101	56	(156,293)	0	(55)	352,366	1,769,263
Unrealised gain/(loss) in currency							880	
Total	1,403,086	170,101	56	(156,293)	0	(55)	353,247	1,769,263
	Market value 1 April 2019	Purchases during the year	Transfers – IN	Sales during the year	Transfers - OUT	Movement in cash during the year	Change in market value	Market value 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000
Fixed interest	294,476	190,259	0	(258,203)	0	0	(6,202)	220,332
Pooled investments	809,251	411,843	0	(468,634)	0	0	(17,293)	735,168
Pooled property	145,273	26,532	0	0	0	0	628	172,433
Private	61,023	34	0	0	0	0	6,407	67,464
Multi Asset	76,119	117,656	0	0	0	0	(10,715)	183,060
Private Debt	3,802	19,470	0	0	0	0	1,175	24,446
London CIV	150	0	0	0	0	0	0	150
Cash	0	0	50	0	0	(17)	0	33
Investment Manager Cash	34	0	0	0	(34)	0	0	0
Total	1,390,129	765,794	50	(726,837)	(34)	(17)	(26,000)	1,403,086

RESTATED	Market value 1 April 2019	Purchases during the year	Transfers – IN	Sales during the year	Transfers - OUT	Movement in cash during the year	Change in market value	Market value 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000
Fixed interest	294,476	190,259	0	(258,203)	0	0	(6,202)	220,332
Pooled investments	809,251	411,843	0	(472,987)	0	0	(12,940)	735,168
Pooled property	145,273	26,532	0	(1,301)	0	0	1,928	172,433
Private	61,023	34	0	(633)	0	0	7,040	67,464
Multi Asset	76,119	117,656	0	(404)	0	0	(10,312)	183,060
Private Debt	3,802	19,470	0	(141)	0	0	1,316	24,446
London CIV	150	0	0	0	0	0	0	150
Cash	0	0	50	0	0	(17)	0	33
Investment Manager Cash	34	0	0	0	(34)	0	0	0
Total	1,390,129	765,794	50	(733,667)	(34)	(17)	(19,169)	1,403,086

The 2019/20 figures have been restated to create additional sales during the year and therefore increase the change in market value against those assets where management fees were deducted at source; the effect of this grossing up is to strip out the impact of investment management fees deducted at source. The closing value of investments, and the Net Assets Statement, remain unchanged.

Note 14b: Analysis of Investments

	31 March 2021 £000	31 March 2020 £000
Bonds		
UK		
Corporate quoted	222,409	220,332
Pooled funds - additional analysis		
Overseas		
Unit trusts quoted	916,405	734,513
Hedge fund of funds unquoted	387	655
Pooled property investments UK unquoted	42,719	42,100
Pooled property investments Overseas unquoted	116,396	130,333
Private equity unquoted	72,508	67,464
Multi Asset Credit Overseas quoted	352,080	183,060
Private Debt Overseas quoted	46,175	24,446
London CIV	150	150
Cash Instrument	34	33
Total investment assets	1,769,263	1,403,086

Note 14c: Investments Analysed by Fund Manager

	Market value 31 March 2021		Market value 31 March 2020	
	£000	%	£000	%
Adam Street	72,508	4.1	67,464	4.8
Aviva	0	0.0	79,520	5.7
Invesco	159,074	9.0	172,153	12.3
Insight	222,441	12.6	220,363	15.7
London CIV	150	0.0	150	0
London CIV - BG Global Equity	406,304	23.0	259,990	18.5
London CIV - JP Morgan	191,447	10.8	124,802	8.9
London CIV - MAC	229,293	13.0	183,060	13.1
Insight MMF	5,000	0.3	60,000	4.3
M and G Group	122,787	6.9	0	0
London CIV - RBC	313,654	17.7	210,200	15.0
PAAMCO	387	0.0	655	0
RREEF	43	0.0	283	0
Churchill Asset Management	23,807	1.3	17,139	1.2
Permira	22,368	1.2	7,307	0.5
Total	1,769,263	100	1,403,086	100

The following investments represent over 5% of the net assets of the fund.

	Market value 31 March 2021		Market value 31 March 2020	
	£000	% of total fund	£000	% of total fund
Aviva	0	0.0	79,520	5.7
Invesco	159,074	9.0	172,153	12.3
Insight	222,441	12.6	220,363	15.7
London CIV - BG Global Equity	406,304	23.0	259,990	18.5
London CIV - JP Morgan	191,447	10.8	124,802	8.9
London CIV - MAC	229,293	13.0	183,060	13.1
London CIV - RBC	313,654	17.7	210,200	15.0
M and G Group	122,787	6.9	0	0.0

Note 15: Fair Value – Basis of Valuation

The basis of valuation for each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Pooled investments – overseas unit trusts and property funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Material events occurring between the date of the statements provided and the Fund's own reporting date, changes to expected cash flows, or by variances between audited and unaudited accounts.
Pooled investments – hedge funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Material events occurring between the date of the statements provided and the Fund's own reporting date, changes to expected cash flows, or by variances between audited and unaudited accounts.
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines	EBITDA multiple, revenue multiple, discount for lack of marketability, control premium	Material events occurring between the date of the statements provided and the Fund's own reporting date, changes to expected cash flows, or by variances between audited and unaudited accounts

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the potential impact on the closing value of investments held at 31 March 2021.

	Valuation range (+/-)	Value at 31 Mar 21	Value on increase £000	Value on decrease £000
Pooled investments – Hedge funds	6.8%	387	413	361
Pooled investment – Property funds	14.1%	159,115	181,550	136,680
Private equity	24.0%	72,508	89,910	55,106
Total		232,010	271,873	192,146

NOTE 15a: Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur

Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and quoted unit trusts.

Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value based on observable data.

Level 3

Assets and liabilities 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.

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Values at 31 March 2021	Quoted Market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Financial Assets at fair value through profit and loss				
Bonds	222,409	0	0	222,409
Pooled investments	1,314,810	0	387	1,315,197
Pooled property investments	0	0	159,115	159,115
Private equity	0	0	72,508	72,508
Cash deposits	34	0	0	34
Total	1,537,253	0	232,010	1,769,263

Values at 31 March 2020	Quoted Market price		Using observable inputs	With significant unobservable inputs	Total £000
	Level 1	Level 2	Level 3	Level 3	
	£000	£000			
Financial Assets at fair value through profit and loss					
Bonds	220,331	0	0	220,331	
Pooled investments	942,169	0	655	942,824	
Pooled property investments	0	0	172,433	172,433	
Private equity	0	0	67,464	67,464	
Cash deposits	32	0	0	33	
Total	1,162,533	0	240,553	1,403,086	

Property pooled funds continue to be included at level 3 as a result of the market valuation uncertainty that have been added to the fund valuations.

Note 15b: Reconciliation of Fair Value Measurements within Level 3

Period 2020/21	Market value 01 Apr 2020 £000	Transfer into level 3 £000	Transfer out of level 3 £000	Purchases £000	Sales £000	Unrealised gain (loss) £000	Realised gain (loss) £000	Market Value 31 March 2021 £000
Hedge Fund of Funds	655	0	0	0	0	(268)	0	387
Private equity	67,464	0	0	492	(544)	5,095	0	72,508
Pooled property investments	172,435	0	0	0	(1,475)	(13,318)	0	157,642
	240,554	0	0	492	(2,019)	(8,491)	0	230,536

Period 2019/20	Market value 01 Apr 2019 £000	Transfer into level 3 £000	Transfer out of level 3 £000	Purchases £000	Sales £000	Unrealised gain (loss) £000	Realised gain (loss) £000	Market Value 31 March 2020 £000
Hedge Fund of Funds	2,997	0	0	0	(390)	(1,952)	0	655
Private equity	61,023	0	0	34	0	6,407	0	67,464
Pooled property investments	145,273	0	0	0	0	27,163	0	172,435
	209,293	0	0	34	(390)	31,618	0	240,554

Note 16a: Classification of Financial Instruments

	2020/21			2019/20		
	Fair value through profit & loss	Assets at amortised cost	Liabilities at amortised cost	Fair value through profit & loss	Assets at amortised cost	Liabilities at amortised cost
	£000	£000	£000	£000	£000	£000
Financial Assets:						
Fixed interest Securities	222,409			220,332		
Pooled investments	916,792			735,168		
Pooled property investments	159,115			172,433		
Private equity	72,508			67,464		
Multi Asset Credit	352,080			183,060		
Private Debt	46,175			24,446		
London CIV	150			150		
Cash instruments	34			33		
Debtors		600			571	
Cash and Cash Equivalents		17,714			23,590	
Financial Liabilities:						
Creditors			170	0	0	(13)
Total	1,769,263	18,314	170	1,403,086	24,161	(13)

Note 16b: Net Gains and Losses on Financial Instruments

	31-Mar-21 £000	RESTATED 31-Mar-20 £000
Financial Assets		
Fair Value through profit and loss	352,367	(19,169)
Measured at amortised cost	0	0
Financial Liabilities		
Measured at amortised cost	880	0
Total	353,247	(19,169)

The fair value through profit and loss recorded in 19/20 has been restated from (£26,000m) to (£19,169m) to reflect the grossing up of investment sales and correctly account for investment management fees deducted at source, as explained in Note 3f).

Note 17: Nature and Extent of Risks Arising from Financial Instruments
Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk, and interest risk) to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the Fund's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage, and control market risk exposure within acceptable parameters, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

1. The exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels.
2. Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, and in consultation with the Fund's investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2020/21 reporting period. The potential price changes disclosed below are broadly consistent with a one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment advisors' most recent review; this analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset type	Potential market movement
	%
Bonds- LDI	14.7%
Emerging Markets	26.5%
Sustainable Equity	17.8%
Private Debt	10.6%
Global Equities	17.8%
Pooled property investments	14.1%
Private Equity	24.0%
Multi Asset Credit	9.4%
Hedge Funds	6.8%
Money Market Fund	0.00%
Cash - GBP	0.00%

Had the market price of the Fund's investments increased/decreased in line with the above percentage movements, the change in the net assets available to pay benefits would have been as follows (the prior year comparator is also shown below).

Asset type	Value as at 31 Mar 2021	Potential market movement	Value on increase	Value on decrease
	£000	£000	£000	£000
Bonds- LDI	222,441	32,699	255,139	189,742
Emerging Markets Equities	191,447	50,734	242,181	140,714
Private Debt	46,175	4,895	51,070	41,281
Global Equities	719,958	128,152	848,110	591,805
Pooled Property Investments	159,119	22,435	181,552	136,681
Private Equity	72,508	17,402	89,910	55,106
Multi Asset Credit	352,080	33,096	385,175	318,984
Hedge Funds	387	26	413	361
Money Market Fund	5,000	0	5,000	5,000
London CIV	150	0	150	150
Total	1,769,263	289,439	2,058,701	1,479,824

Asset type	Value as at 31 Mar 2020	Potential market movement	Value on increase	Value on decrease
	£000	£000	£000	£000
Bonds- LDI	220,362	30,851	251,213	189,511
Emerging Markets Equities	124,802	38,065	162,867	86,738
Private Debt	24,446	2,249	26,695	22,197
Global Equities	470,190	107,674	577,864	362,517
Pooled Property Investments	172,435	24,486	196,921	147,949
Private Equity	67,464	24,624	92,089	42,840
Multi Asset Credit	183,060	15,560	198,621	167,500
Diversified Growth	79,520	9,463	88,982	70,057
Hedge Funds	655	50	706	605
Money Market Fund	60,000	0	60,000	60,000
London CIV	150	0	150	150
Total	1,403,086	253,022	1,656,108	1,150,064

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 Fund and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2021 and 31 March 2020 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of Fund assets, both of which affect the value of the net assets available to pay benefits. A 100 basis points movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The Fund's investment advisor has advised that long-term average rates are expected to move less than 100 basis points from one year to the next.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 basis point change in interest rates.

Asset exposed to interest rate risk	Value as at 31 Mar 21	Potential market movement	Value on increase	Value on decrease
	£000	£000	£000	£000
Cash and cash equivalents	17,714		17,714	17,714
Fixed interest securities	222,409	2,224	224,633	220,185
Total	240,123	2,224	242,347	237,899

Asset exposed to interest rate risk	Value as at 31 Mar 20	Potential market movement	Value on increase	Value on decrease
	£000	£000	£000	£000
Cash and cash equivalents	23,590		23,590	23,590
Fixed interest securities	220,331	2,203	222,535	218,128
Total	243,921	2,203	246,125	241,718

Income exposed to interest rate risk	Amount Receivable 2020-21	Potential market movement on 1% in interest rates	Value on increase	Value on decrease
	£000	£000	£000	£000
Cash and cash equivalents				
Fixed interest securities	3		3	3
Total	3		3	3

Income exposed to interest rate risk	Amount Receivable 2019-20	Potential market movement on 1% in interest rates	Value on increase	Value on decrease
	£000	£000	£000	£000
Cash and cash equivalents	1		1	1
Fixed interest securities	7,057	71	7,127	6,986
Total	7,058	71	7,128	6,987

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not influence the value of cash/cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

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 holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's currency rate risk is routinely monitored by the Fund and its investment advisors 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 in consultation with the Fund investment advisors, the Fund considers the likely volatility associated with foreign exchange rate movements to be 10% (as measured by one standard deviation).

A 10% fluctuation in the currency is considered reasonable based on the Fund advisor's analysis of long-term historical movements in the month-end exchange rates over a rolling 36-month period.

This analysis assumes that all other variables, in particular interest rates, remain constant. A 10% strengthening / weakening of the pound against the various currencies in which the Fund holds investments would increase / decrease the net assets available to pay benefits as follows:

Assets exposed to currency risk	Value as at 31 Mar 21	Potential market movement	Value on increase	Value on decrease
	£000	£000	£000	£000
Overseas unquoted securities	72,508	7,251	79,758	65,257
Overseas unit trusts	116,396	11,640	128,035	104,756
Total	188,903	18,890	207,794	170,013

Assets exposed to currency risk	Value as at 31 Mar 20	Potential market movement	Value on increase	Value on decrease
	£000	£000	£000	£000
Overseas unquoted securities	67,464	6,746	74,211	60,718
Overseas unit trusts	130,153	13,015	143,168	117,137
Total	197,617	19,762	217,379	177,855

b) 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 value of investments generally reflects an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

The Fund believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2021 was £17.7m (31 March 2020: £23.6m). This was held with the following institutions.

	Rating	31 March 2021	31 March 2020
		£000	£000
Money Market Funds			
Northern Trust - Liquidity Fund	AAA	24	19
Bank deposits and current account			
Royal Bank of Scotland	A+	17,714	23,590
Total		17,738	23,609

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure it maintains adequate cash resources to meet its commitments. This will particularly be the case for cash from the cash flow matching mandates from the main investment strategy to meet pensioner payroll costs, and cash to meet investment commitments; the Fund has immediate access to its cash holdings.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets that will take longer than three months to convert into cash. As at 31 March 2021 the value of liquid assets was £1,714.6m, which represented 95.9% of total Fund assets (31 March 2020: £1,358.6m, which represented 95.2% of total Fund assets).

The Fund's Investment Management team prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy.

All financial liabilities at 31 March 2021 are due within one year.

Refinancing risk

The key risk is that the Fund will be obligated to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.

Note 18: Funding Arrangements

In line with the Regulations the Fund's actuary undertakes a funding valuation every three years for setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2019.

The key elements of the funding policy are:

- To ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment.
- To ensure that employer contribution rates are as stable as possible.
- To minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return.
- To reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do.
- To use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 17 years and to provide stability in employer contribution rates by spreading any increases in rates over a reasonable period. Solvency is achieved when the funds held, future expected investment returns, and future contributions are sufficient to meet expected future pension benefits payable. When an employer's funding level is less than 10% of the 100% funding target, then a deficit recovery plan will be put in place requiring additional contributions from the employer to meet the shortfall.

At the 2019 actuarial valuation the Fund was assessed as 82% funded (80% at the March 2016 valuation). This corresponded to a deficit of £307m (2016 valuation: £287m) at that time.

Contribution increases will be phased in over the three-year period from April 2020 to 31 March 2023 for scheme employers. The common contribution rate (i.e. the rate that all employers in the Fund pay) is 19.4% until the next triennial valuation in 2023.

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2019 actuarial valuation report and the Funding Strategy Statement on the Fund's website.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement, or withdrawal from scheme. The principal assumptions were as follows:

Longevity assumptions

The post-retirement mortality tables are the S1PA tables with a multiplier of 110% for males and 100% for females. These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 1.25% pa. The assumptions used for the 2019 valuation of assumed life expectancy from age 65 is shown below, together with the latest assumptions.

	31 March 2021	31 Mar 2020
Retiring today		
Males	21.5	21.3
Females	23.9	23.5
Retiring in 20 years		
Males	23.1	22.7
Females	25.7	25.0

Commutation assumption

It was assumed that future retirees will take 25% of the maximum additional tax-free lump sum up to HMRC limits for pre-April 2008 service and 63% of the maximum for post-April 2008 service.

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, 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.

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 valued ill health and death benefits in line with the IAS 19.

Calculated on an IAS 19 basis, the actuarial present value of promised retirement benefits at 31 March 2021 was £2,504m (31 March 2020: £1,885m). The fair value of the scheme assets was estimated to be £1,747m (31 March 2020: £1,382m), and the net liability was therefore implied to be £758m (31 March 2020: £504m).

As noted above, the liabilities are calculated on an IAS 19 basis and therefore will differ from the results of the 2019 triennial funding valuation (see note 18) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Assumptions used	2020/21 %	2019/20 %
Pension increase rate	2.85	1.9
Salary increase rate	3.35	2.4
Discount rate	2.00	2.3

Note 20: Current Assets

	31 March 2021 £000	31 March 2020 £000
Sundry debtors	770	571
Cash balances	17,714	23,590
Total	18,484	24,161

Note 21: Current Liabilities

	31 March 2021 £000	31 March 2020 £000
Sundry creditors	(0)	13
Total	(0)	13

Note 22: Additional Voluntary Contributions

	31 March 2021* £000	31 March 2020 £000
Prudential	2,304	2,627
Equitable Life	467	490
Clerical Medical	168	172
Total	2,939	3,289

*Estimated; the actual values were not available at the time of preparing the draft statement of accounts.

Note 23: Related Party Transactions

Lambeth Council administers the Lambeth Pension Fund. Consequently, there is a strong relationship between the council and the pension fund.

During the reporting period, the council incurred costs of £1.12m (2019/20: £1.27m) in relation to the administration of the fund and these costs were reimbursed by the Fund. The Council is also the single largest employer of members of the pension fund and contributed £40.0m to the fund in 2020/21 (2019/20: £36.0m). All monies owing to and due from the fund were paid in year.

Governance

There are no elected Members of the Pensions Committee in receipt of pension benefits from the Lambeth Pension Fund, but one pensioner representative is in receipt of pension benefits from the Lambeth Pension Fund. In addition, Pensions Committee staff representative S SivaAnanthan is an active member of the pension fund. Also, one Pensions Board staff representative G Williamson is an active member of the pension fund.

Members of the Pensions Committee are required to declare interests at each meeting.

Note 24: Contingent Liabilities and Contractual Commitments

The total investment commitments as at 31 March 2021 are £212.2m and the outstanding undrawn commitments are £36.9m (31 March 2020: total commitment £222.9m and outstanding was £63.7m).

These commitments relate to outstanding call payments due on the Private Equity, Pooled Property & Private Debt mandates of the portfolio. The amounts 'called' by these fund managers are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

Note 25: Contingent Assets

Admitted body employers in the Lambeth Pension Fund hold bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the pension fund and payment will only be triggered in the event of employer default.

A GLOSSARY OF LOCAL AUTHORITY FINANCIAL TERMS AND ABBREVIATIONS

For the purposes of compiling the Statement of Accounts the following definitions have been adopted:

Accruals

The accruals concept means that transactions within the Comprehensive Income & Expenditure Statement are recognised as they are earned or incurred and not as money is received or paid. For example, if an invoice relating to March 2019 is expected to arrive in April 2020, it will be accounted for in the 2019/20 accounts (the financial year it relates to), not the 2020/21 accounts (the financial year it arrives in.)

Balance sheet

This statement is fundamental to the understanding of an authority's financial position at year end. It shows:

- the balances and reserves at an authority's disposal
- long-term indebtedness (which is over one year)
- the long-term and net current assets employed in its operations
- summarised information on the long-term assets (items that are held for more than one year) by category

Capital expenditure

Expenditure on the purchase, construction or improvement of significant assets including land, buildings, equipment, or even investments which will be of use or benefit in providing services for more than one financial year. Expenditure can only be treated as "Capital" if it meets the statutory definitions and is in accordance with "Proper Accounting Practices".

Collection Fund

A statutory fund used to record the billing and collection of council tax and non-domestic rates. Though it is independent of the General Fund, payments are made from it to support the General Fund services of the billing and precepting authorities (in our case, the London Borough of Lambeth and the Greater London Authority respectively) and to the national business rate pool.

Comprehensive Income and Expenditure Statement

A statement that reports the net cost for the year of all the functions for which the authority is responsible, and demonstrates how that cost has been financed from general government grants and income from taxpayers. The most obvious difference from the Income and Expenditure Statement (which, under IFRS, it replaces) is that it now includes the Statement of Total Recognised Gains and Losses (STRGL).

Condition

With reference to grants, a condition typically means that the grant awarding body may ask for it back if it is not used for a stated purpose. This is not the same as a specific grant, which is given for a specific purpose but which may legally be spent on something else if the recipient sees fit.

Grants may either be "with conditions" or "without conditions" – the nearest equivalent terms previously used were "ring fenced" and "non-ring fenced."

Contingent assets and liabilities

A contingency is a condition which exists at the balance sheet date, the outcome of which depends on one or more uncertain future events and which cannot, therefore, be reliably or accurately estimated. Contingencies in the council's favour are called contingent assets; contingencies which, if realised, would incur a cost to the council are called contingent liabilities.

Depreciation

The measure of wearing out, consuming, or other reduction in the useful economic life of a fixed asset, whether arising from use, passing of time or obsolescence. It means that, rather than the whole cost of an asset being charged to revenue in the year in which it is acquired, the cost is spread out over the life of the asset.

Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

General Fund (GF)

The account that summarises the revenue cost of providing services that are met by the council's demand on the collection fund, specific government grants and other 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 statutory account that contains all expenditure and income to do with the provision of council housing for rent. The HRA is a ring-fenced account outside the General Fund. Local authorities are not allowed to make up a deficit on the HRA from its own resources.

Matching

The matching concept says that expenditure and income transactions, including accruals, are matched with one another so far as their relationship can be established, or justifiably assumed, and dealt with in the period to which they relate.

Materiality

Financial statements often cannot be precisely accurate but that this need not detract from their ability to be fairly stated. Within certain limits, a tolerance is permitted in measurement and disclosure of financial statement items. The concept of materiality determines the acceptability of the degree of this tolerance.

Movement in Reserves statement (MIRs)

This replaces the **Statement of Movement on the General Fund Balance (SMGFB)**, reconciling the Comprehensive Income and Expenditure Statement for the year with the authority's budget requirement, which is governed by statute and differs in certain key respects from accounting conventions.

Provisions

Amounts set aside for any liability or loss that is likely to be incurred, but where the exact amount and date is uncertain.

Prudence

The prudence concept states that revenue is not anticipated but is to be recognised only when realised in the form either of cash, or of other assets whose ultimate cash realisation can be assessed with reasonable certainty.

Revenue Expenditure Funded From Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions, but does not result in the creation or enhancement of Council Owned assets.

Reserves

Funds set aside to meet future expenditure which falls outside the definition of provisions. Reserves can be for general contingencies and to provide working balances or earmarked for specific future expenditure.

Note that certain reserves are statutory in nature – for example, the council is obliged to hold a revaluation reserve and its use is closely prescribed under the IFRS as interpreted for use in local government. The council has no discretion in the existence or use of these reserves.

Statement of Movement on the HRA Balance

Similar to the General Fund's **Movement in Reserves statement**, this reconciles the HRA Income and Expenditure account for the year with the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

Statutory provision for the financing of capital investment

Formerly known as the **Minimum Revenue Provision (MRP)**, this is the minimum amount that must be charged to a local authority's revenue account each year and set aside to provide for debt repayment or other credit liabilities.

Substance over form

The concept of substance over form requires that transactions and other events are accounted for and represented in financial statements with regard to their economic substance and financial reality rather than just their legal form.