

London Borough of Hillingdon

Statement of Accounts for the year to 31 March 2025

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Leader's Statement

Leader's Statement

Introduction by Councillor Ian Edwards, Leader of the Council

Welcome to Hillingdon's Statement of Accounts for 2024/25, which shows the council's financial performance in delivering high quality services to residents during the year and outlines the council's financial standing at 31 March 2025.

The Council has maintained frontline services to residents, with an approach based on low-cost services which continue to put residents first whilst some services also have received strong ratings from external regulators. Residents saw an increase of 2.99 per cent applied to their Council Tax for 2024/25, with the rise maintaining Hillingdon's approach of one of the lowest rates of Council Tax in Outer London. In addition, the Council also levied the Adult Social Care Precept at 2 per cent as government continue to use this mechanism to bridge the funding gap for the service. The Council provides vital support to residents experiencing financial hardship through its Council Tax Reduction Scheme. This has been achieved while preserving all essential frontline services, despite government funding increases falling short of inflation and rising demand driven by a growing population.

The increase in immigration and the placement of migrants in hotels in Hillingdon in exceptionally high numbers has placed unfunded burdens on Hillingdon which the Council is pursuing with the Home Office. This pressure amounts to an estimated £5m for 2024/25 and the same is expected in 2025/26 adding to the financial pressure on the Council

Our people, our environment and our heritage continue to be at the heart of what we do, key achievements for the last financial year include:

- The Council continued to offer support through administering Government schemes and supported low-income households with local discretionary schemes. Support to residents included the cost of living payments, winter fuel payments, Household Support Fund, free school meal vouchers, the Holiday Activities and Food Programme.
- In October 2024, the Council marked the official launch of a new specialist facility at Wood End Park Academy in Hayes, designed to support children with Special Educational Needs and Disabilities (SEND). The dedicated unit offers 24 places for children aged four to eleven with autism spectrum disorder. It enables pupils to benefit from partial integration into the mainstream school setting, while also providing a tailored learning environment supported by specialist teaching staff.
- Adult Social Care services were rated 'good' by the Care Quality Commission (CQC) following an inspection in July 2024, achieving an overall score of 73 per cent. Inspectors commended the Council's strong partnerships, proactive approach to tackling the root causes of care needs, and its dedication to fostering independence and wellbeing.
- In February 2025, the Council officially unveiled its new youth initiative and accompanying marketing campaign called Next Gen. This refreshed youth offer delivers a broader range of modern, accessible, and digitally focused services for children and young people aged eight to nineteen — and up to twenty-four for those with special educational needs and disabilities (SEND). The programme ensures timely, flexible support is available in the right places.
- In June 2024, the Council celebrated the completion of improvement works at Ruislip Gardens Primary School, increasing support for children with Special Educational Needs and Disabilities (SEND). As part of the Council's ongoing commitment to helping young people lead healthy lives and access high-quality education, the project delivered new inclusive facilities that will provide 32 additional school places for children with SEND.
- The Council has once again retained the top spot nationally for its green spaces securing 67 green flag awards, the most flags held by any local authority for the twelfth year running.

The Council has continued with its programme of investment in community facilities with most notably:

- A new library for Uxbridge in the Civic Centre adjacent to our adult education centre and family hub has been substantially completed with the official opening to occur in the first weeks of the next financial year

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- The building of our 5th leisure centre was held up by the contractor going into administration and works have now recommenced
- £120.6m investment in major housing projects acquiring 267 new homes for social housing
- Agreement has been reached with a new operator for the Beck Theatre ensuring its future without ongoing programme subsidy from the Council

This Statement of Accounts highlights Hillingdon's continued commitment to putting residents first, reflected in another year of dedicated efforts to support the community. As of 31 March 2025, the Council holds general balances and controllable earmarked reserves of only around £6.2million. These are demanding times for local authorities, with Hillingdon like others now being significantly financially challenged due to ongoing inflation, rising demand, and demographic pressures, with particular challenges in supporting homeless households driven by both local demand and the impacts of Heathrow. These factors are the primary drivers behind the savings required in the short to medium term, a challenge shared across the local government sector. With such a low level of reserves, the Council is in conversation with the Government on measures available to support its financial resilience in the lead up to the new three-year financial settlement for 2026/27. Despite this, Hillingdon remains focused on safeguarding frontline services and pursuing transformational efficiencies through its budget strategy.

Cllr Ian Edwards

Leader of the Council

Narrative Report

This document sets out the annual accounts of the London Borough of Hillingdon for the year ended 31 March 2025. The accounts are in the format for local authority accounts set by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The purpose of this narrative report is to provide a guide to the most significant matters reported in the financial statements. Included within this document are a number of technical terms that are specific to local government finance and a glossary has been provided to assist the understanding of the financial statements.

2.1 Organisational overview and external environment

Hillingdon, situated on the western edge of Greater London, is the second largest London borough, covering a total area of about 42 square miles. It is just 14 miles from central London and bordered by the counties of Buckinghamshire, Hertfordshire and Surrey, as well as the London Boroughs of: Hounslow, Ealing and Harrow. Hillingdon is home to Heathrow, one of the world's busiest airports, which normally caters for more than 60 million passengers a year.

The borough, Hillingdon, has some of the best sports and fitness facilities in London including: Hillingdon Sports and Leisure Complex with 50 metre indoor competition pool, leisure pool, outdoor lido, 100 station gym, athletics stadium and 400 metre running track, 3G floodlit pitches, sports hall and more. There are also 16 libraries; 3 theatres (1 open air), and over 200 green spaces covering approximately 1,800 acres, including Ruislip Woods; the Nature Reserve, and Lido.

The Council's vision is 'Putting Our Residents First'. This underpins its actions and decision-making process and is achieved by applying the following themes:

- Our People - Putting our residents first and at the heart of all that we do, promoting civic pride.
- Our Natural Environment - We will protect and enhance the borough's natural environment.
- Our Built Environment - We will continue to improve our buildings, roads and footways and ensure that new buildings fit with the surrounding environment.
- Financial Management - Maintain the solid approach to financial management that has delivered our success to-date and which will be vital going forward.

The London Borough of Hillingdon was one of the 32 London Boroughs created by the London Government Act 1963. It was formed by the amalgamation of the Borough of Uxbridge and the Urban Districts of Hayes/Harlington, Ruislip/Northwood and Yiewsley/West Drayton. The new borough came into existence on 1 April 1965, when the new Council started work. As well as taking on the work of the four previous district authorities, the Council became responsible for local services such as education, libraries, and children's services. These had previously been run by the Middlesex County Council, which ceased to exist on 1 April 1965. Hillingdon's purpose-built Civic Centre opened its doors to the public in 1977.

The London Borough of Hillingdon provides care and support to older people in residential nursing homes and for youngsters in residential children's and foster homes. The Council provides housing through ownership and maintenance of over 10,000 houses and flats held for Council tenants. The Council maintains a large proportion of the road networks within the borough, as well as collecting waste from homes and businesses. In addition, the Council runs a number of refurbished public libraries; deals with planning applications and provides sports and leisure facilities. Instead of reducing services, the Council has made steps to invest in facilities available to protect front line services with a comprehensive Capital programme.

The Council employs approximately 2,600 staff inclusive of part time staff and has a population of around 319,018 (as per 2024 mid-year estimate). Hillingdon is an ethnically diverse borough with 33.3% of residents from Asian ethnic groups, 7.8% Black ethnic groups, 4.4% Mixed or Multiple ethnic groups, 48.2% White ethnic groups and 6.3% from other ethnic groups.

Hillingdon is rich in wildlife and wildlife habitat, including waterways; lakes; meadows, and nature reserves. Ruislip Woods has been designated London's first National Nature Reserve; whilst nearby Ruislip Lido boasts 60 acres of

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water. The borough also offers a host of sporting activities, including sports centres, many with newly refurbished gyms and two exceptional 18-hole and one 12-hole golf courses, including a championship standard course at Stockley Park. The arts and entertainment thrive, with The Beck professional theatre in Hayes, The Compass Theatre in Ickenham, and various other venues.

2.2 Financial Performance

General Fund

The Council's challenges link to a number of factors including: years of the Government's austerity programme, increased demand for services, with this position compounded by the wider economic environment and ongoing high levels of inflation, whilst also managing ongoing legacy issues driven by the global pandemic. Councils are starting to see central government funding increase in targeted ways. Despite these challenges, Hillingdon has still been able to continue to maintain cash discounts against Council Tax for the over 65s in receipt of this benefit on 31 March 2024 for another year in 2024/25, without impacting on front-line services to the public. In addition, the Council was able to manage significant increases in demand for services and keep fees and charges significantly cheaper than neighbouring boroughs on a per capita basis.

These are financially challenging times for local authorities to deal with, having to respond to significant national pressures within a materially reduced funding envelope. Local pressures for Hillingdon include the increased cost of adult social care, children's placement, homelessness, asylum seekers, funding the Dedicated Schools Grant (DSG) deficit, and ensuring that it has an experienced workforce to deliver the best services it can to its residents.

The 2024/25 General Fund monitoring position reported an adverse variance of £31.5m against budget before the release of earmarked reserves, as set out in Table 1 below. In 2025, due to the pressures already mentioned and a deteriorating financial position, the Council implemented a Finance Modernisation Programme (FMP). This is focused on modernising financial processes, capability and understanding across the Council, introducing best practice and supporting the Council in gaining a better understanding of its financial position. This process is being run in conjunction with Grant Thornton, with the Council having additional oversight from the Local Government Association. Part of this programme includes a review of the Council's Balance Sheet.

To date the FMP has identified a number of issues which have driven a significant proportion of this adverse movement (£14.1m), including the necessity to write out an unfunded-reserve of £5.5m, a re-assessment of the Council's Treasury allocations between the General Fund and the Housing Revenue Account (HRA) has led to an adjustment of £4.5m , and an evaluation of the Bad Debt Provision policy has led to an adverse movement of £4.1m.

The table below sets out the 2024/25 outturn position as reported to Cabinet in July 2025 against the Month 10 Cabinet update reported in March 2025.

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Table 1: General Fund Overview

Service	Approved Budget £m	Outturn £m	Underlying Variance £m	Forecast Variance Month 10 £m	Change in Variance £m
Service Operating Budgets	302.1	310.6	8.5	5.8	2.7
Development & Risk Contingency	0.5	-	(0.5)	(0.5)	-
Unallocated Budget Items: Earmarked Reserve Funding	-	5.5	5.5	-	5.5
Unallocated Budget Items: Pay Award Inflation	0.6	-	(0.6)	(0.6)	-
Unallocated Budget Items: Unallocated Savings	(4.7)	-	4.7	4.7	-
Unallocated Budget Items: Rebasing	(14.1)	-	14.1	14.1	-
Total Net Expenditure	284.4	316.1	31.7	23.5	8.2
Corporate Funding	(284.4)	(284.6)	(0.2)	(1.5)	1.3
Subtotal	-	31.5	31.5	22.0	9.5
Interventions	-	-	-	(11.0)	11
Net Total	-	31.5	31.5	11.0	20.5
Opening Reserves			35.2		
Less: Underlying Variance			(31.5)		
Add/(Less): Movement on Earmarked Reserves			3.0		
Closing Reserves			6.7		

With this position presenting closing General Reserves and controllable Earmarked Reserves of £6.7m, this level of reserves is deemed to be inadequate by the Section 151 Officer. The S25 Statement in the 2025/26 budget sets a minimum level of usable reserves of £32m. The difference between the £6.7m figure in the Outturn Report and the Usable General Fund Reserves figure of £10.9m per the MIRS statement in these accounts (“General Fund Balance” plus “GF Earmarked Reserves”) is that the £6.7m figure above excludes the following “non controllable” earmarked reserves: Business Rates Retention Reserve, Public Health, and the Barnhill PFI. As a result of this low level of reserves, the Council has decided to enter discussion with Ministry of Housing, Communities and Local Government (MHCLG) regarding the possibility of agreeing to Exceptional Financial Support (EFS). The Month 2 budget monitoring report for 2025/26 further strengthened the need to enter into these conversations with MHCLG. Given that these conversations are underway, it is the view of the Section 151 Officer that it is not necessary to issue a Section 114 notice at this point of time, but that this will be kept under close review.

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In spite of the above, it is Council's view that day-to-day operations continue to deliver value for money for our residents, with benchmarking data demonstrating that service expenditure per capita remains below our comparator group (which is predominantly the Outer London boroughs).

Early modelling against the Government's Fair Funding Review 2.0 suggests that from 2026/27 funding will be re-allocated in a way that benefits outer London boroughs, in particular Hillingdon. Whilst it is accepted that the Council had to operate within the funding settlement for 2024/25, it is also considered that should the Fair Funding Review have taken place when originally planned, the Council's financial position is likely to have been substantially better.

The Council will continue to review service delivery and implement cost control measures where appropriate to contain the impacts of these adverse movements going forward but recognises the need for short-term Government support whilst the Council takes action to put itself on a more sustainable footing.

This outturn report also reflects the narrative both across London and nationally. London Councils, the collective of Local Government in the capital, has estimates that boroughs will overspend against original budget plans by £700m in 2024/25 (averaging £21.2m per borough) and have forecast this to be in the region of £500m for 2025/26.

The Government has published a list of councils reliant on one of the three types of Exceptional Financial Support from Government in 2025/26, with this list including a number of other London boroughs receiving a total of £377.9m next year, highlighting the pressures London boroughs are facing.

This underlying position for Hillingdon is being in part driven by Services reporting an overspend of £8.5m, the key details behind which are set out later in this report. Corporate Budgets are compounding this position with an adverse variance of £23.2m and Corporate Funding delivering a minor £0.2m favourable variance.

Within Corporate Budgets the detail behind the adverse variances breaks down as follows:

- The primary variance was being driven by a requirement to rebase the service operating budgets by £14.1m to recognise historic pressures due to demographic growth and unachieved savings.
- In October the 2024/25 pay award was agreed, leading to a £0.6m underspend against the Council's pay award budget.
- The writing out of the negative earmarked reserve added £5.7m of overspend to these budgets.
- The remaining £4.5m relates to cross-cutting savings within the budget strategy that were deemed undeliverable.
- This position included a release of the General Contingency budget of £0.5m.

Both the £14.1m rebasing number and £4.5m undelivered savings were permanently written out of the Council's budget from 2025/26 onwards in the revised budget strategy approved by Cabinet and Council in February 2025.

The Service Operating Budget pressure of £8.5m was largely driven by three areas:

- c£6.1m relating to homelessness demand continuing to run at a level above the budgeted assumption, with this being a common issue across London.
- c£2.5m relating to Children's Social Care demand, with support provided to Looked After Children reporting exceptional demand above that included in the budget strategy.
- c£2.5m relating to pressures within Adult Social Care from demand outstripping the budgeted growth.

These pressures are partially offset by an underspend of £2.5m of favourable variances largely driven by a £1.3m underspend within Finance & Transformation, a £0.8m underspend within Corporate Services & Property and a £0.4m underspend within Community & Environment

Following the subsequent release of £6.1m earmarked reserves to support the General Fund balance, the final in-year deficit ended at £25.4m, with the spend by Cabinet Member portfolio as set out below:-

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	Outturn 2024/25
General Fund Services	£'000
Children, Families & Education	79,923
Community & Environment	31,138
Corporate Services & Property	15,972
Finance & Transformation	55,019
Health & Social Care	113,704
Planning, Housing & Growth	14,719
Corporate Funding	-
Service Operating Budgets	310,475
Funding	(285,080)
Outturn Total	25,395

Details on how the General Fund outturn position for management decision-making links through to the Comprehensive Income and Expenditure Statement (CIES) surplus for the year, in accordance with accounting standards, can be seen in the Expenditure and Funding Analysis (EFA) note.

Housing Revenue Account

The Housing Revenue Account (HRA) delivered a breakeven position with HRA general balances remaining at a total £15.1m at 31 March 2025 (unchanged from the previous year). In addition, the HRA holds earmarked reserves of £6.8m and £4.3m (£3.2m 2023/24) in the major repairs reserve (MRR) to fund future capital works.

There were 65 Right-to-Buy sales of Council dwellings in 2024/25 (49 in 2023/24) which resulted in a gain on sale of assets when comparing the sale price to the Social Housing value in the Council's accounts.

Capital Investment

The Council's programme of capital investment for 2024/25 totalled £263m (£127.3m in 2023/24) and was funded from a range of sources (borrowing £144m, capital receipts £27m, grants £65m, revenue £27m). These sources of funding included grants, contributions from revenue resources, proceeds from asset sales, and prudential borrowing.

An under-spend of £32.9m is reported against the 2024/25 General Fund capital programme, consisting of £5.4m cost underspends and £27.4m re-phasing for various projects and programmes that are continuing into future years. HRA capital investment totalled £178m with £14.9m under-spend approved to be re-phased into 2025/26 for further investment.

Investment during 2024/25 on the General Fund totalled £84.8m. Significant General Fund investment included a further £8.2m towards the construction of the new Platinum Jubilee Leisure Centre in West Drayton, due to be completed in 2025/26. Other major projects included £12.1m on various carbon initiatives. A further £8.5m has been contributed towards several expansion projects to increase provision for pupils with special educational needs (SEND). There was also spend of £9.9m on highways infrastructure and street lighting.

Within the HRA in 2024/25, a significant acquisitions and developments programme totalling £120.6m increased the Council housing stock by 202 units net of 65 Right to Buy sales. A further £28.2m was invested in the continuing Hayes

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Estate Regeneration programme. In addition, £29.5m was expended in improvements to the existing council housing stock.

Investment Strategy

The Council lends money to, and has a 100% shareholding in one subsidiary, Hillingdon First Ltd. This is classed as an "Investment for Service Purposes". The objective is to deliver a financial return to the Council and provide housing and or a commercial unit for sale or rent. This will be achieved by generating long-term sustainable revenue streams through the delivery of high-quality housing to meet the need of Hillingdon's residents. The Hillingdon First Ltd shareholder agreement and memorandum of association sets out in detail the governance arrangements and provides details of the operating framework, controls and reporting requirements. As at 31 March 2025, the Council held £2.6m (£4.2m as at 31/3/24) in equity at fair value in Hillingdon First Limited, an investment made in 2019/20. The Council may make further loans as necessary and in accordance with the council's treasury management and investment strategies. The accounts of Hillingdon First Limited are not included in these financial statements as they are not considered of sufficient materiality to require inclusion for group accounting purposes.

The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due, while a risk of investing in shares is that they may fall in value meaning that the initial outlay may not be recovered. To limit these risks, upper limits on the sums invested in each category have been set. Furthermore, the Council has some protection against losses through a charge over the assets of Hillingdon First Ltd.

The Council assesses the risk of loss before entering into and whilst holding service loans. The Council aligns loan durations with each specific development. A specific loan agreement will be drawn up for each development using the agreed schedule as a framework. Hillingdon First Ltd will be required to provide full development scheme details to the Shareholder Committee (acting on behalf of the Council as shareholder) before the loan facility can be drawn down for specific expenditure on that development.

Over the period 2020-23 the Council provided financial support totalling £1,681k in the form of soft loans (ie lower than market rates) to Greenwich Leisure Limited (GLL), with whom it holds the leisure operating contract. The purpose of this was to support the contractor during the pandemic and thereby protect public service objectives in the delivery of leisure services. The opening carrying value of the loan as at 1st April 2024 was £1,304k (in 2022/23 a notional loss was recorded in the CIES representing the present value of the interest foregone over the life of the loan resulting in a lower amortised cost than the outstanding principal). In 2024/25 the carrying value of the loan increased to £1,373k as at 31st March 2025.

The Council has set up a Special Purchase Vehicle (SPV) called The Hillingdon Care Company (THCC) to run and manage The Burroughs Care Home which was in process of acquisition at 31 March 2025 and subsequently completed in 2025/26. The objective is to address the increasing demand for nursing and dementia care places, manage escalating bed prices, and ensure that residents have access to quality care locally. THCC was incorporated with Companies House on 23 January 2025.

A detailed financial model, which compared acquiring the care home to the alternative of purchasing equivalent nursing care from the external market over the next 15 years was completed. The model showed it was beneficial for the Council to acquire the Care Home.

Treasury Management

The Council takes a very prudent strategic approach in investing its cash balances to ensure money is invested at a very low level of risk. The strategy for investing funds first considers the security of the deposit, the liquidity of investments and then the return on the investment.

Having begun the financial year at 5.25%, the Bank of England's Monetary Policy Committee (MPC) decreased Bank Rate to 5% in August 2024. The Bank Rate was maintained at 5% through to November 2024, where it fell to 4.75%. A further fall to 4.5% occurred in February 2025 which was maintained through to the end of the year. The MPC's focus

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remained on assessing how long interest rates would need to be restrictive in order to control inflation over the medium term.

The Council adheres strictly to counterparties that have been agreed through the Treasury Management Strategy, consisting of other local authorities, instant access funds, and institutions with a credit rating A- or above. The total investment income for the year totalled £3,126k (£4,031k in 2023/24 due to higher average cash balances invested). The weighted average balance of investments over the year was £62.62m (£83.63m in 2023/24).

Investment income returns for the year on internally managed cash yielded 4.93% (4.92% in 2022/23). The Council also continued as part of its investment strategy to invest £15m in more strategic pooled funds that return dividends, with an average return of 4.25% (4.15% in 2023/24). Rising market interest rates in recent years have reduced the fair value of bonds held within these strategic pooled funds. This has declined marginally by £10k in 2024/25 and the fair value as at 31st March 2025 is now an unrealised loss of £1,079k.

The MHCLG IFRS 9 pooled investment fund statutory override for English authorities for fair value gains and losses on pooled investment funds held at the 1st April 2024 was due to expire with effect from 1st April 2025 – the government has now extended this to 1st April 2029. Under the regulations, gains and losses resulting from unrealised fair value movements relating to treasury pooled investment funds, that otherwise must be recognised in profit or loss under IFRS 9, are not charges to the revenue account and must be taken into an unusable reserve account. This override extension means the current unrealised losses have time to recover over the medium term. The nature of this financial instrument means the fair value may rise and fall with short-term security and liquidity being less of a consideration. The key objectives instead being regular revenue income and long-term price stability. The Council would only seek to sell when market conditions were favourable, and holdings were at or above original investment values.

Although internal borrowing continued to be utilised during the year, external borrowing was also required during 2024/25 to finance exceptionally high capital expenditure and ensure liquidity was maintained. Overall the total loan portfolio increased by £161.3m with total loan balances at year-end of amounting to £517.5m (£356.2m 2023/24) of which General Fund borrowing amounted to £232.9m (£158.6m 23/24) and HRA £284.6m (£197.6m 23/24) as set out in the table below (the figures below are principal sums and do not include accrued interest on loans):

	Balance on 31/3/2024 £m	New Borrowing £m	Debt Maturing £m	Balance on 31/3/2025 £m	Year-End Average Rate %
GF Loans					
PWLB Fixed Rate	74.60	60.00	(8.71)	125.89	4.88
Market Fixed Rate	15.00	-	-	15.00	4.28
Temporary LA Borrowing	69.00	123.00	(100.00)	92.00	5.38
Total GF Loans	158.60	183.00	(108.71)	232.89	
HRA Loans					
PWLB Fixed Rate	164.57	115.00	(27.98)	251.59	3.95
Market Fixed Rate	33.00	-	-	33.00	4.03
Total HRA Loans	197.57	115.00	(27.98)	284.59	
Total Loans	356.17	298.00	(136.69)	517.48	4.44

New loans totalling £115m were taken under the HRA to take advantage of the concessionary PWLB rate for HRA capital financing, of which £15m were five years or less, and £100m was taken over a longer duration. There was £28m of debt maturing within the HRA portfolio offsetting this borrowing. New loans of £183m were taken under the General Fund of which £108.7m were replacing maturing debt including short term temporary local authority loans.

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Over the year the Council's loan portfolio had an average interest rate of 4.44% (3.31% 2023/24) reflecting increases in market rates. Interest paid on the loans portfolio including brokers fees over the year totalled £16.6m (GF £6.7m, HRA £9.9m), an increase of £6.3m from 2023/24 reflecting the higher debt levels.

Change in Accounting Practice

The most significant change in the 2024/25 Code was the adoption of IFRS16 Leases which became mandatory for local authorities from 1st April 2024 and requires a lessee to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. For the purposes of determining low value, the Council has set a de-minimis limit of £10k for the asset value when new. The accounting policy for leases has been updated and details of the transition to the new standard are provided in Note 36. Other changes include removing the de-minimis for capital expenditure (previously £10k).

Property, Plant and Equipment

A net gain on disposal of £13.1m has been recognised in the Comprehensive Income and Expenditure statement, comprising mainly a gain related to HRA Right-to-Buy sales. However, this profit is an accounting profit only, as social housing is accounted for in the balance sheet at 25% of its market value to comply with social housing valuation methodology in London, as a result replacement of these housing units would be more expensive. Excluding right to buy sales in 2024/25 there were gross capital receipts amounting to £8.03m on sales of nine disposal sites of which eight were General Fund.

2.3 Non-Financial Performance

Environment

For the 12th year in a row, Hillingdon has secured top spot for the number of Green Flag spaces maintained by a council in the UK. It has retained its 67 Green Flags, which recognise parks and green spaces of the highest calibre.

During 2024/25 46 new electric vehicle chargers were installed in Council owned car parks as part of a pledge to deliver a full, accessible electric vehicle (EV) charging network across the borough by 2030.

More than 7,000 new households signed up to our food waste recycling service and 9,000 for our improved recycling bag delivery service during 2024/25.

Leisure and Culture

A uniquely-themed new playground was officially opened by the council at Cranford Park in April 2024. The new play area is themed around historical figure, Mary Cole, the Countess of Berkeley, with various play features that pay homage to her intriguing story. Equipment includes a climbing net trail, tower unit with slide and fireman's pole, and a nest swing, as well as an 'ice house' shelter and tunnel, both intricately weaved from live willow branches earlier this year with the help of skilled volunteers, as well as two small wooden horses and a wooden horse and chariot.

In February 2025, the council officially launched its new youth offer, and associated marketing campaign, Next Gen. The youth offer is a wider programme of modern, relevant, flexible and digital services for children aged eight to nineteen (and up to twenty-four with special educational needs and disabilities) closer to where young people are, making sure they can get the support they need, at the right time and place.

Schools & Children's Services

The Council celebrated the completion of enhancements at Ruislip Gardens Primary School to support more children with special educational needs and disabilities (SEND) during June 2024. The works, part of the council's commitment to ensure young people in the borough can live healthy lives and have access to the best possible educational opportunities, have created new inclusive facilities that will offer 32 additional school places for children with SEND.

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Figures released by the PAN London Admissions Board during April 2024 show that the council has once again exceeded the London average of 89.1 per cent to give 3,212 pupils their first choice of primary school. Hillingdon also achieved best in west London for applicants being offered one of their top three preference schools at 99.31 per cent, compared to PAN London at 97.2 per cent.

In October 2024, the council celebrated the official opening of a new facility providing support for children with Special Educational Needs and Disabilities (SEND) at Wood End Park Academy in Hayes. The designated unit provides 24 places for children, aged four to eleven, with autism spectrum condition. This new facility allows children to benefit from some integration into the mainstream school environment, while maintaining their own space to learn with the support of specialist teaching staff.

Social Care

A Care Quality Commission (CQC) inspection conducted in July 2024 judged Adult Social Care services to be 'good', with an overall score of 73 per cent, according to a report published on Friday 13th December 2024. Inspectors praised the council's work with partners, focus on addressing the root causes of care needs and commitment to promoting independence and wellbeing. The report commended the council for having a clear focus to "achieve the best outcomes for people who lived there" and noted that most residents could access care and support services easily.

Protecting Residents

A new Public Spaces Protection Order (PSPO) has been introduced from February 2025 by the council to stop taxis and private hire vehicles (PHVs) from waiting in residential streets near Heathrow Airport. It bans taxis, chauffeurs, and PHVs from waiting in residential streets in Pinkwell, West Drayton, and Heathrow Villages wards, unless they are collecting or dropping off passengers. The order aims to reduce persistent nuisance caused by drivers blocking driveways, littering, urinating, and defecating in public, and causing noise and air pollution by idling.

People Resources

Two library employees have been recognised for their work in creating a dedicated space for young people at Botwell Green Library. Gemma McCaffery, area manager for the libraries in the south of the borough, and Franka Aichour, the library's branch manager, were presented with a Libraries Connected Award on Tuesday 4th June 2024.

The Council is continuing to recruit and develop existing staff onto apprenticeship programmes across a range of services, with 200 apprentices across the Council in 2024/25.

2.4 Risks and Opportunities

The Council has continued to run efficient frontline services, which are well rated by external review bodies, with both Adult Social Care and Children's Social Care receiving good and excellent ratings from their respective regulators. This has been achieved whilst keeping Council Tax low, with Hillingdon having the second lowest charge out of the 20 Outer London Boroughs. Benchmarking across our comparator group (which is mainly Outer London Boroughs) demonstrates that the Council delivers value for money in service delivery, with below average per capita spend across the majority of services.

However, the financial challenges set out in this narrative statement have resulted in the Council expecting to request financial support, called Exceptional Financial Support (EFS), from the Government until the funding review is implemented and resolution to the costs for managing asylum numbers over and above that which all authorities are expected to bear is addressed.

Seeking Exceptional Financial Support from the Ministry of Housing, Communities and Local Government (MHCLG) is a mechanism available to local authorities where they have taken all reasonable steps to manage financial challenges themselves.

Narrative Report

The Council's finances as set out in the report present a position wherein the Council's expenditure is likely to exceed its resources. In these circumstances the Council's Chief Finance Officer (Section 151 Officer) is obliged to brief the council's executive, Cabinet and external auditors, which has been done.

The Chief Finance Officer has also advised the Government office responsible for local government, the MHCLG and is in active discussions about requesting EFS. This and the actions contained in the report have provided the Chief Finance Officer with sufficient assurance of not needing to issue a Section 114 notice at this time.

Having recognised the ongoing challenges with stabilising the Council's budget, the Council has been working to deliver a Finance Modernisation Programme that is targeting an improvement in the Council's financial capacity and capability across both the Finance department and the wider organisation.

Whilst these issues are clearly very problematic, the Council has recognised the need to analyse the accounts to understand year on year movements across balances and reserves. This work, having identified and remedied the issues in accounting practices and processes will result in the Council having increased confidence in its financial management, with this confidence increasing as the Finance Modernisation Programme continues.

The FMP is continuing to work at pace and is putting the Council into a better position of understanding its financial position and gaining a better knowledge of the correlation between budget modelling and outturn, with a strong focus on savings delivery, which will include some spend control measures to internally manage this position as best as it can, but recognising that Government support will likely be required.

The Government has recognised that current arrangements represent a "broken funding system" and have consulted on proposed changes to the distribution of support to local government through the Fair Funding Review 2.0 Consultation – with changes to grant allocations expected to be introduced from next year as part of a three-year settlement (2026/27 to 2028/29). Some of the data used in that consultation is yet to be refreshed and the methodology may be changed based on responses to that consultation. Any analysis and projections from that consultation around next year's funding to the Council thus need to be taken at this stage with a degree of caution.

London Councils have undertaken detailed analysis and modelling of the proposals set out in the consultation on behalf of all London boroughs. Their analysis suggests that Hillingdon would see a significantly increased income from the new methodology compared to the current year and supports the Council's long-held argument that it has been comparatively significantly under-funded compared to other local authorities in the past.

2.5 Looking Ahead – Strategy and Resource allocation

Looking into the medium financial outlook, the underlying savings requirement is driven primarily by inflation; demand-led pressures, and capital financing costs. An uplift in funding is projected over this period as a result of steady growth in the Council Tax taxbase alongside steady growth within Retained Business Rates. Following the Final Local Government Settlement for 2025/26, the Council's grant funding from Central Government increased by £12.9m over 2024/25. However, this funding settlement was still only a one-year settlement.

As has been mentioned in the previous section, the Government has proposed changes through the Fair Funding Review 2.0 Consultation, changes expected from next year.

Although the new settlement is expected to be positive for the Council, there will still be significant challenges for the Council in balancing its Medium Term Financial Strategy and this is being worked on with a view to presenting a balanced budget to Full Council in February/March 2026. The profile of pressures and required savings of the last approved strategy will need to be refreshed and reassessed to ensure a robust projection

There is still significant pressure on the Dedicated Schools Budget (DSG). The in-year pressure has been reduced by £2.8m from the 2024/25 outturn position to £12.5m for 2025/26. However, this means the cumulative deficit, requiring financing from the Council, is projected to be £78.1m by March 2026.

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The Council is currently reviewing all options to mitigate this pressure in the short term until the results of the results of the Fair Funding Review 2.0 Consultation are known.

The Council has begun conversations with the Ministry for Housing, Communities & Local Government (MHCLG) for EFS. EFS, if approved, can come in one of three forms:

- a capitalisation direction which allows Councils to fund revenue expenditure through the capital programme,
- additional grant funding,
- or increased Council Tax above the referendum limit without the requirement to call a referendum – although this option could not be used for 2025/26.

Looking forward the Council's General Fund capital programme 2025/26 to 2029/30 has an approved budget of £384m (as at Month 4 July 2026), with £223m to be funded from Prudential borrowing, after prioritising use of grants and third-party funding, maximising application of developer contributions and where possible using capital receipts. Specific projects on the capital programme include school expansions, investment in home care capacity, refurbishment of the crematorium, carbon initiatives and investments into technology and highways. The five year HRA capital programme totals £529m of which £220m is allocated to new acquisitions and developments to increase the housing stock and £104m on the continuation of the Hayes regeneration programme. A further £225m is allocated to improving the condition of the existing housing stock.

The Council is very much focussed on self-delivery of a sustainable Council and associated target operating model and is working with MHCLG and other partners such as Grant Thornton and the Local Government Association to achieve this. It remains well managed, with spend per capita on front line services being below our comparator group (predominantly Outer London Boroughs).

2.6 Statements within the accounts

General

The movement in the Balance Sheet of £63.7m in year largely consists of reductions to net liabilities related to defined benefit pension schemes and increases to long term assets due to a combination of valuation movements and additions and enhancements to the asset base from capital expenditure in year.

Any minor movement in the underlying IAS19 pension assumptions results in a large swing in the overall deficit position. For 2024/25 an increase in the net discount rate from 4.80% (2023/24) to 5.80% (2024/25) has reduced the value placed on the Fund's liabilities and contributed to an overall favourable impact of £59.7m in reducing the net deficit on pension assets and liabilities recognised in the Balance Sheet.

The core accounting statements comprise: -

Comprehensive Income and Expenditure Statement

This statement reports the net cost for the year of all functions for which the Council is responsible and demonstrates how that cost has been financed through income from taxpayers and general government grants. The income and expenditure is split by Council service. The surplus or deficit on this account represents the amount by which income is greater than, or less than expenditure.

The statement shows a deficit of £126.3m (£48.0m deficit in 2023/24) on the provision of services for 2024/25. Of this, a deficit of £89.7m relates to General Fund balances, £3.5m on Schools balances and a deficit of £33.1m relates to the Housing Revenue Account.

To comply with statutory accounting requirements there are various items that are accounted for through the Comprehensive Income and Expenditure Statement such as depreciation, revaluation and impairment losses, and losses on disposal. These items are removed for the purposes of Council Tax setting as they are accounting items and

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do not affect the funding of services, as a result these items of expenditure are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Movement in Reserves Statement

This statement reconciles the outturn on the Comprehensive Income and Expenditure Statement to the balance on the Council reserves, established by complying with relevant statutory provisions, showing the true economic cost of providing the Council's services. The statement splits the Council's reserves into usable and unusable balances, and shows movement to and from them during the year. Usable reserves are those that can be applied to fund expenditure or reduce local taxation. Unusable reserves are those balances over which the Council has no direct control, which arise from differences in accounting and statutory reporting requirements.

Usable reserves decreased by £24m to £95m in 2024/25. Within this movement there was a decrease in General Fund balances of £31.5m arising from the outturn offset by £6.1m of Earmarked Reserves released following review to ensure the General Fund remained in surplus. Earmarked Reserves increased overall by £6.1m mainly due to an increase of £7.5m in the Business Rates Reserve. HRA balances remained unchanged and Schools reserves reduced by £3.5m. Other movements included transferring unspent capital grants of £11.2m to the Capital Grants Unapplied Reserve to support future financing of capital projects. The capital receipts reserve reduced by £13.5m partly due to financing of transformation costs under flexible use of capital receipts regulations.

Unusable reserves reduced by £39.7m to £1.428bn in 2024/25, mainly due to the decrease in the Pension Fund liability of £60m, reflected in the Pensions Reserve increasing by the same amount. This was offset by other movements including decreases totalling £50.9m in the Capital Adjustment Account and Revaluation Reserve reflecting valuation losses mainly on the HRA dwellings stock after valuing new acquisitions to social housing value. The Collection Fund Adjustment Account decreased by £21.4m.

To support the Movement in Reserves Statement, Note 4 to the accounts shows the Adjustments between Accounting Basis and Funding Basis under Regulations. This note reverses the items of income and expenditure that are required to be credited or charged to the Comprehensive Income and Expenditure Statement, that do not affect the General Fund balance for Council Tax purposes. Total adjustments for 2024/25 were £70.4m within the General Fund, adjusting the General Fund position for Council Tax purposes to a deficit of £25.4m after the release of £6.1m earmarked reserves.

Balance Sheet

This shows balances and reserves at the Council's disposal at year-end, together with its long-term indebtedness, net current assets employed in its operations and summarised information on non-current assets held. It excludes funds held in trust for others and Pension Fund assets that are reported in the separate Pension Fund accounts.

The total net worth of the Council in 2024/25 was £1.523bn (£1.587bn in 2023/24). The largest items within the Balance Sheet consist of long-term assets valued at £2.24bn, and within liabilities long-term borrowing of £399.4m. The main contributors to the movement came from the reduction in pension liabilities, and the increase in value of Plant Property and Equipment.

As at 31 March 2025 the Council has General Fund balances of £1.5m following the over spend at outturn (£26.8m in 2023/24) and £9.4m Earmarked Reserves excluding schools' balances, held for specific purposes (£3.3m in 2023/24). Further details on Earmarked Reserves can be seen in Note 5 to the accounts.

Cash Flow Statement

This summarises all movements in cash and cash equivalents arising from both revenue and capital transactions with third parties. It excludes funds held in trust for others and the Pension Fund. There was a decrease in cash and cash equivalents in 2024/25 of £18.6m.

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Supplementary accounting statements comprise:

Housing Revenue Account (HRA) Comprehensive Income and Expenditure Statement

There is a statutory duty to account separately for Local Authority housing provision. The HRA Income and Expenditure Statement shows in detail the income and expenditure on HRA services included in the Council Comprehensive Income and Expenditure Statement. It includes the major elements of Council housing revenue expenditure on maintenance; administration; capital financing costs, and major income sources such as rents.

There was a deficit in 2024/25 on HRA services of £33.1m (£15.4m surplus in 2023/24) due mainly to valuation losses arising from new housing acquisitions valued down to social housing existing use value.

Statement of Movement on the Housing Revenue Account Balance

This shows how the HRA Income and Expenditure Statement surplus or deficit for the year reconciles to the movement on the Housing Revenue Account balance for the year. It shows income and expenditure that is credited or charged to the HRA balance by statute or non-statutory practices, to reconcile the amounts charged to Housing tenants. For example, revaluation gains and losses on Council dwellings and gains/losses on disposal of asset are reversed.

Overall, the HRA was break even in 2024/25 (deficit of £0.1m in 2023/24), after adjustments made in the Statement of Movement on the HRA Balance and transfers to the Major Repairs Reserve.

Collection Fund Revenue Account

The Collection Fund is a separate account into which amounts raised from local taxation are paid through Council Tax and Business Rates, and from which payments are made to precepting authorities including the Council itself. An in-year deficit of £12.9m (surplus of £5.5m in 2023/24) is reported on Council Tax with a carried forward deficit of £10.7m (surplus £2.3m in 2023/24).

An in-year deficit of £39.1m (surplus of £10.6m in 2023/24) is reported on Business Rates, creating a deficit within the carry forward balance on NNDR to £15.8m (surplus £23.2m in 2023/24).

The share of Collection Fund activity relating to the Council is reflected in the main statement of accounts, with the remainder being treated as agency activity on behalf of the Greater London Authority and Central Government. 75% of Council Tax and 30% of Business Rates activity relates to the London Borough of Hillingdon.

Pension Fund Accounts

These show contributions to the Council's Pension Fund for members during the year, together with pensions and other benefits paid from it, movements in investments during the year and the financial position of the Fund at the end of the year. These accounts do not include any liabilities relating to payment of pensions and benefits in future years. The activity of the Pension Fund is not incorporated within the Council's core accounting statements.

This document also includes the following: -

Statement of Accounting Policies

The accounts are produced in line with a set of policies and principles and can only be understood fully with awareness of these accounting policies.

Notes to the Accounts

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The notes provide further explanation of figures contained in the core and supplementary accounting statements. The notes to the accounts include the Expenditure Funding Analysis, which precedes the core financial statements of this document to help the flow of information.

Annual Governance Statement

This statement is a report from the Leader of the Council and Chief Executive setting out the: systems; processes; culture, and values by which the Council is directed and controlled, and its activities through which it accounts to, engages with, and leads the community. The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

Glossary of Terms

The glossary provides a definition of key terms used to aid understanding the accounting statements.

Statement of Responsibilities for the Statement of Accounts

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Corporate Director of Finance:
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

Corporate Director of Finance's Responsibilities

The Corporate Director of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ('the Code').

In preparing this statement of accounts the Corporate Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Local Authority Code.

The Corporate Director of Finance has also:

- Kept proper accounting records that were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Director of Finance's Approval of the Accounts

I certify that these accounts present a true and fair view of the financial position of the London Borough of Hillingdon, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in United Kingdom ('the Code'), as at 31 March 2025 and its income and expenditure for the year then ended.



Steve Muldoon
Corporate Director of Finance (S151 officer)
22 September 2025

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON BOROUGH

To be added

Main Financial Statements

The financial statements that follow are prepared on an accruals basis and follow best practice recommended by the Chartered Institute of Public Finance & Accountancy (CIPFA) and International Financial Reporting Standards (IFRS) as defined by the Code of Practice on Local Authority Accounting in the United Kingdom. Further details of these requirements are detailed in the Statement of Accounting Policies.

These statements are published in accordance with the Accounts and Audit Regulations 2015. They summarise the overall financial position of the Council and in particular include the following:

Restatement of 2023/24 Published Accounts

This note provides an overview of changes to the Financial Statements from the published Statement of Account in 2023/24 as a result of changes in operational reporting requirements. This statement reconciles the position reported to management and that reported in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement

The first of the core financial statements. This shows the expenditure and the income relating to all the services provided by the Council and how the net cost of these services has been financed by local taxpayers and government grants.

Movement in Reserves Statement

This statement sets out the reserves held by the Council, split into usable and unusable reserves, and shows how they have moved during the year.

Balance Sheet

This sets out the assets and liabilities of the Council as at 31 March 2025 but excludes the assets and liabilities of pension and trust funds. The 2023/24 Balance Sheet has been restated to disclose revenue grants receipts in advance separately – previously included in short term creditors.

Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash and cash equivalents arising from transactions with third parties for revenue and capital purposes. The statement excludes any transactions of the pension and trust funds. The Cash Flow Statement for 2023/24 has been restated using an updated model.

Notes to the Main Financial Statements

Notes are provided to support the information in the main financial statements with additional detail of movement breakdown and analysis.

A key note is the Expenditure and Funding Analysis note which shows how council funding has been used in providing services in comparison to those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Councils raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

			31 March 2025			31 March 2024		
			Expenditure	Income	Net Expenditure	Expenditure (Restated)	Income (Restated)	Net Expenditure (Restated)
	Note		£'000	£'000	£'000	£'000	£'000	£'000
EXPENDITURE ON SERVICES								
Children, Families & Education			138,094	(21,904)	116,190	83,640	(13,260)	70,380
Community & Environment			71,440	(35,967)	35,473	85,271	(35,621)	49,650
Corporate Services & Property			47,578	(8,300)	39,278	44,767	(7,767)	37,000
Finance & Transformation			123,141	(78,609)	44,532	133,532	(91,481)	42,051
Health & Social Care			168,761	(109,161)	59,600	159,017	(102,737)	56,280
Planning, Housing & Growth			36,464	(22,593)	13,871	33,388	(19,057)	14,331
Schools			254,646	(235,673)	18,973	267,201	(237,864)	29,337
Housing Revenue Account			162,875	(85,444)	77,431	72,271	(82,509)	(10,238)
NET COST OF SERVICES			1,002,999	(597,651)	405,348	879,087	(590,296)	288,791
Other Operating Expenditure	6		853		853	841		841
Net loss/(gain) on disposal of non-current assets			-	(13,092)	(13,092)	-	(6,773)	(6,773)
Net Financing and Investment Income and Expenditure	7		25,294	(1,504)	23,790	23,262	(1,919)	21,343
Taxation and Non-Specific Grant Income	8		-	(290,595)	(290,595)	-	(256,238)	(256,238)
Other Income and Expenditure on the Provision of Services								
			26,147	(305,191)	(279,044)	24,103	(264,930)	(240,827)
(SURPLUS)/DEFICIT ON PROVISION OF SERVICES			1,029,146	(902,842)	126,304	903,190	(855,226)	47,964
(Surplus)/Deficit on revaluation of Property, Plant and Equipment assets					(2,868)			(64,697)
Actuarial (gain)/loss on pension assets and liabilities	43				(59,722)			(84,437)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE					63,714			(101,170)

Movement in Reserves Statement

This statement shows the detail of the movement from the start of the year to the end of the year on the different reserves held by the Council. These reserves are analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'Unusable Reserves'. The statement shows how the movements to the reserves in year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax (or rents) for the year. The Increase/(Decrease) line shows the net movement to the statutory General Fund Balance and Housing Revenue Account Balances in the year.

Note	General Fund		Schools	Housing Revenue Account			General Fund and HRA		Total Usable Reserves	Unusable Reserves	Total Reserves of the Authority
	General Fund Balance	GF Earmarked Reserves	Schools Earmarked Reserves	HRA Balance	HRA Earmarked Reserves	Major Repairs Reserve	Capital Grants Unapplied Reserve	Capital Receipts Reserve			
	£'000	£'000	£'000	£'000		£'000	£'000	£'000			
Balance at 31 March 2024	26,845	3,280	11,355	15,101	6,811	3,186	7,065	45,339	118,981	1,467,836	1,586,817
(Surplus)/Deficit On Provision Of Services	(95,806)	6,131	(3,505)	(33,124)	-	-	-	-	(126,304)	62,590	(63,714)
Adjustments between accounting basis & funding basis under regulations	70,411	-	-	33,124	-	1,116	11,175	(13,522)	102,304	(102,304)	-
Increase/(Decrease) in Year	(25,395)	6,131	(3,505)	-	-	1,116	11,175	(13,522)	(24,000)	(39,714)	(63,714)
Balance at 31 March 2025	1,450	9,411	7,850	15,101	6,811	4,302	18,240	31,817	94,981	1,428,122	1,523,103

Note	General Fund		Schools	Housing Revenue Account			General Fund and HRA		Total Usable Reserves	Unusable Reserves	Total Reserves of the Authority
	General Fund Balance	GF Earmarked Reserves	Schools Earmarked Reserves	HRA Balance	HRA Earmarked Reserves	Major Repairs Reserve	Capital Grants Unapplied Reserve	Capital Receipts Reserve			
	£'000	£'000	£'000	£'000		£'000	£'000	£'000			
Balance at 31 March 2023	26,839	17,141	11,791	15,186	-	2,053	4,928	39,190	117,127	1,368,520	1,485,647
(Surplus)/Deficit On Provision Of Services	(49,084)	(13,861)	(436)	8,606	6,811	-	-	-	(47,964)	149,134	101,170
Adjustments between accounting basis & funding basis under regulations	49,090	-	-	(8,691)	-	1,133	2,137	6,149	49,818	(49,818)	-
Increase/(Decrease) in Year	6	(13,861)	(436)	(85)	6,811	1,133	2,137	6,149	1,854	99,316	101,170
Balance at 31 March 2024	26,845	3,280	11,355	15,101	6,811	3,186	7,065	45,339	118,981	1,467,836	1,586,817

Movement in Unusable Reserves Statement

This statement shows the detail of the movement from the start of the year to the end of the year on the Unusable Reserves held by the Council breaking down the total figure for these reserves. The statement shows how the movements to the reserves in year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year.

Note	Revaluation Reserve £'000	Capital Adjustment Account £'000	Financial Instruments Adjustment Account £'000	Pensions Reserve £'000	Collection Fund Adjustment Account £'000	Accumulated Absences Account £'000	Dedicated Schools Grant Adjustment Account £'000	Pooled Investment Fund Adjustment Account £'000	Total Unusable Reserves £'000
Balance at 31 March 2024	698,005	1,002,804	(544)	(183,052)	8,658	(6,384)	(50,582)	(1,069)	1,467,836
(Surplus)/Deficit On Provision Of Services	2,868	-	-	59,722	-	-	-	-	62,590
Adjustments between accounting basis & funding basis under regulations	(14,798)	(50,893)	98	493	(21,423)	(458)	(15,313)	(10)	(102,304)
Increase/(Decrease) in Year	(11,930)	(50,893)	98	60,215	(21,423)	(458)	(15,313)	(10)	(39,714)
Balance at 31 March 2025	686,075	951,911	(446)	(122,837)	(12,765)	(6,842)	(65,895)	(1,079)	1,428,122

Note	Revaluation Reserve £'000	Capital Adjustment Account £'000	Financial Instruments Adjustment Account £'000	Pensions Reserve £'000	Collection Fund Adjustment Account £'000	Accumulated Absences Account £'000	Dedicated Schools Grant Adjustment Account £'000	Pooled Investment Fund Adjustment Account £'000	Total Unusable Reserves £'000
Balance at 31 March 2023	649,730	1,008,103	(640)	(260,645)	1,236	(5,870)	(21,887)	(1,507)	1,368,520
(Surplus)/Deficit On Provision Of Services	64,697	-	-	84,437	-	-	-	-	149,134
Adjustments between accounting basis & funding basis under regulations	(16,422)	(5,299)	96	(6,844)	7,422	(514)	(28,695)	438	(49,818)
Increase/(Decrease) in Year	48,275	(5,299)	96	77,593	7,422	(514)	(28,695)	438	99,316
Balance at 31 March 2024	698,005	1,002,804	(544)	(183,052)	8,658	(6,384)	(50,582)	(1,069)	1,467,836

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held.

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 maintaining a prudent level of reserves and requirement to maintain any statutory limitations on their use

The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available if the assets were sold; and reserves that hold differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations.

		31 March 2025	31 March 2024
		£'000	Restated £'000
Property, Plant & Equipment	9	2,011,779	1,960,801
Infrastructure Assets	9A	190,645	187,054
Intangible Assets	9B	3,197	1,453
Heritage Assets	12	6,683	6,529
Investment Properties	13	4,035	4,267
Right of Use Assets	36	5,403	-
Long Term Investments	14	18,516	19,493
Long Term Debtors	17	1,153	1,917
LONG TERM ASSETS		2,241,411	2,181,514
Short Term Debtors	15	82,298	83,382
Short Term Investments	14	1,043	1,005
Cash and Cash Equivalents	20	28,331	46,910
CURRENT ASSETS		111,671	131,297
Short Term Provisions	21	(6,457)	(3,326)
Short Term Borrowing	14	(112,330)	(102,799)
Short Term Creditors	18	(112,593)	(103,454)
Revenue Grants Receipts in Advance	34	(6,270)	(1,153)
CURRENT LIABILITIES		(237,650)	(210,732)
Long Term Provisions	21	(1,015)	(984)
Long Term Borrowing	14	(399,442)	(246,273)
Long Term Creditors	19	(3,506)	(2,916)
Capital Grant Receipts in Advance	34	(60,752)	(82,037)
Deferred Lease Liabilities	36	(4,778)	-
Net Liabilities Related to Defined Benefit Pension Schemes	44	(122,837)	(183,052)
LONG TERM LIABILITIES		(592,330)	(515,262)
NET ASSETS		1,523,103	1,586,817
Usable Reserves		94,981	118,981
Unusable Reserves	22	1,428,122	1,467,836
TOTAL RESERVES		1,523,103	1,586,817



Steve Muldoon
Corporate Director of Finance (S151 officer)
22 September 2025

Cash Flow Statement

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

The Cash Flow Statement and associated notes have been restated for 2023/24 due to changes in the methodology in compiling the Statement.

	Note	2024/25 £'000	2023/24 Restated £'000	2023/24 Adjustment £'000	2023/24 Original £'000
Net deficit on the provision of services	23	126,304	47,964	-	47,964
Adjust net (surplus) on the provision of services for non cash movements	23	(188,979)	(104,854)	7,333	(112,187)
Adjust for items in the net deficit on the provision of services that are investing or financing activities	23	71,687	52,344	(17,972)	70,316
Net cash flows from operating activities	23	9,012	(4,546)	(10,639)	6,093
Net cash flows from investing activities	24	160,883	57,516	10,639	46,877
Net cash flows from financing activities	25	(151,316)	(39,355)	-	(39,355)
(Increase)/Decrease in cash and cash equivalents		18,579	13,615	-	13,615
Cash and cash equivalents at the beginning of the reporting period		(46,910)	(60,525)	-	(60,525)
Cash and cash equivalents at the end of the reporting period		(28,331)	(46,910)	-	(46,910)

Statement of Accounting Policies

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

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

GOING CONCERN

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

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

The accounts are prepared on a going concern basis, assuming that the functions of the Council will continue in operational existence for the foreseeable future from the date that the accounts are approved.

The main factors that underpin this assessment and considered below include the Council's current financial position, projected medium-term forecast, and cashflow management process in the context of the ongoing impact of inflation and other external factors affecting the wider economy.

The narrative section 2.2. Financial Performance contains detail of the Council's General Fund revenue budget outturn position. The 2024/25 General Fund Outturn position reports a deficit of £25.4m after the release of earmarked reserves. This has resulted in General Fund and Earmarked Reserves totalling £10.9m at year-end, of which £1.5m is the General Fund balance. This position was mainly caused by £14.1m relating to corrections to accounting treatments which have a one-off impact on the revenue position, and Service Operating pressures of £8.5m largely driven by three significant areas of pressure, being Homelessness, Children's Social Care Demand and Adults Social Care demand. This is set out in more detail in Narrative Statement. In 2025, due to the pressures mentioned and a deteriorating financial position, the Council implemented a Finance Modernisation Programme

For context, the Council's prudent minimum balance on the General Fund and controllable reserves was judged to be £32m for 2024/25. With this year's outturn presenting closing reserves for General Reserves and Earmarked Reserves of £10.9m (of which £4.7m are judged to be controllable), this level of reserves is deemed to be inadequate by the Section 151 Officer. It is therefore the Council's decision to enter discussions with MHCLG to seek Exceptional Financial Support (EFS) from the Government. The Month 2 budget monitoring report for 2025/26 further strengthened the need to get agreement for EFS from MHCLG. Given that these conversations are underway, it is the view of the Section 151 Officer that it is not currently necessary to issue a Section 114 notice, although this will be kept under close review.

The 2025/26 budget and five-year budget strategy was reported to Cabinet in February 2025. The General Fund budget for 2025/26 has been prepared in the context of a five-year strategy, which incorporates the impact of a comprehensive review of capital investment plans and strategic savings programme in the context of challenging economic circumstances globally, nationally and locally. This was based on a one-year spending settlement. The Section 25 Statement presented as part of the budget from the Section 151 Officer highlighted the Council's potential financial pressures that required resolution. The Council, like other Local Authorities, continues to operate in a high inflationary environment whilst residents deal with cost-of-living pressures, with the Council also continuing to see legacy impacts from the pandemic impacting on demand for Council services.

To mitigate pressures, the Council identified a significant saving programme for 2025/26, with savings initiatives totalling £38.8m. As in previous years, savings proposals for the forthcoming financial year are specific in nature, with medium-term plans structured around wider strategic approaches to transformation of local services. At month 2, the Council is

Statement of Accounting Policies

already forecasting significant pressure on its revenue budgets with a projected overspend position of £16.4m. This, and a budgeted net use of earmarked reserves of £4m, would reduce controllable reserve balances to a negative position hence the requirement to enter conversations with MHCLG seeking Exceptional Financial Support.

There is though, a more positive view of future funding for the Council. Early modelling against the Government's Fair Funding Review 2.0 suggests that from 2026/27 funding will be re-allocated in a way that benefits outer London boroughs and Hillingdon. Whilst it is accepted that the Council had to operate within the funding settlement for 2024/25, it is also considered that had the Fair Funding Review taken place when originally planned, the Council's position is likely to have been materially improved.

Once the final impact of the three-year fair funding review is confirmed in late 2025 the Council will have certainty over its future funding position and be able to focus, with the help of the Finance Modernisation Programme, on the self-delivery of a sustainable Council and target operating model, minimising the amount of EFS support required from the Government.

The Council proactively manages its cashflow, maintaining a daily forecast of available funds and ensuring that liquid cash and deposits of at least £10m are available at all times. This minimum level of liquid cash is held in a combination of UK banks, Money Market Funds and HM Treasury's Debt Management Account Deposit Facility (DMADF), with additional deposits of around £15m held in Strategic and Long Dated Pooled Funds accessible within four working days.

The Council's cashflow forecasts also highlight the need for EFS in order to maintain at least £10m in liquid cash and deposits at 31 March 2025 through to 31 March 2026. Liquid deposits are supplemented by the Council's ability to borrow short-term from other local authorities and ultimately borrowing from the Public Works Loans Board could be secured within five working days. The Council continues to maintain borrowing headroom against the Capital Financing Requirement and would be able to secure borrowing at short notice if required. The latest forecasting of capital financing requirements is that these are in line with budget projections and a strategy is in place to secure all required borrowing over the medium-term. Obtaining agreement for EFS from Government enable the Council to borrow further should the cash flow position require it.

The Code requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the Council does consider, that without EFS, that there would be material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

The going concern period of assessment is twelve months from the authorisation date of the financial statements.

CAPITAL

1. Property, Plant and Equipment

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

Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis in the accounts, provided that the asset yields benefits to the Council for a period of more than one year and the cost of the item can be measured reliably. This excludes expenditure on routine repairs and maintenance of non-current assets that is charged directly to service revenue accounts when incurred.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price;
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and

Statement of Accounting Policies

- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

The cost of assets acquired other than by purchase is deemed to be its fair value unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the balance sheet valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and guidance notes issued by the Royal Institution of Chartered Surveyors (RICS). Property, Plant and Equipment are included in the balance sheet on the following basis:

- Community assets and assets under construction are included in the balance sheet at historic cost less impairment.
- Dwellings are carried at existing use valuation, Social Housing, determined using the basis of existing use value for social housing.
- Surplus assets are measured at fair value, estimated at highest and best use from a market participant's perspective.
- All other asset classes are measured at current value in its existing use. For land, buildings and assets which are not held for the purpose of generating cash flows, the value represents the amount that would be paid for the asset in its existing use. Where there is no market-based evidence of fair value due to the specialised nature of the asset, the asset is valued at its depreciated replacement cost.
- Plant and machinery forming an integral part of the property is included in the valuation of the buildings. Other plant, machinery, vehicles and mobile units have been given a value on the basis of historical costs as a proxy for current value.

Assets included in the Balance Sheet at fair value are re-valued regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum, assets are valued every five years. Investment Properties are revalued yearly at fair value. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains (exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation loss previously charged to a service).

Where decreases in value are identified, the revaluation loss is accounted for as follows:

- 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) with any excess written down against the relevant service line in the Comprehensive Income and Expenditure Statement.
- 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 in the Comprehensive Income and Expenditure Statement.

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.

The de minimis value of £10k has been removed for capital purchases with all expenditure meeting the definition of capital expenditure to be accounted for as such. The £10k de-minimis remains for valuations. To reduce negligible enhancements on the asset register, capital expenditure below £10k will be accounted for as Revenue Expenditure Funded from Capital Under Statute where permissible and appropriate, ie it is financed as though it were capital expenditure but will not result in a change to the carrying amount of an asset on the asset register and Balance Sheet.

The Council only includes maintained schools in its asset register and only where it owns or controls the assets; this includes foundation schools. Academies are external to local authorities and are not included. The Council does not

Statement of Accounting Policies

own or control Voluntary Aided school assets as they are owned by the Diocese or Church of England and the value of these assets are not included in the Council's Balance Sheet.

The equity investment in the 100% wholly owned subsidiary of Hillingdon First Limited is classified as capital expenditure and included in Long Term Investments within the Balance Sheet.

Impairment / Revaluation Loss

An impairment review of all assets is undertaken at the end of each financial year. Losses arising from an impairment or revaluation loss are written off against any revaluation gain attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account in the Comprehensive Income and Expenditure Statement.

Where a revaluation loss is reversed subsequently, the reversal is credited to the relevant service line 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.

Depreciation

Depreciation is provided in the accounts in accordance with the International Accounting Standard (IAS) 16 and CIPFA guidelines. IAS 16 states that depreciation is to be provided on all Plant, Property and Equipment, other than for assets without a determinable finite useful life (i.e. freehold land, certain Community Assets and certain heritage assets) and assets that are not yet available for use (i.e. Assets Under Construction). The depreciation policy is that depreciation is calculated on a straight-line method and is based on the following useful lives approach unless specific information exists for an asset:

Infrastructure	40 years
Vehicles, Plant, Furniture & Equipment	3 to 30 years
Council Dwellings	Depreciated on straight line basis over maximum useful life up to 60 years
Other Land & Buildings	Useful life varies depending on the condition, type and usage of the asset, up to 60 years for buildings and infinite life for Land.
Surplus Assets	Useful life varies depending on the condition, type and usage of the asset
IT Equipment and Intangible Assets	5 to 7 years

Where an item of Property, Plant and Equipment has major components with useful lives different to the main asset, and the cost of that component is material (20% or £1m), the asset is split into component parts and depreciated separately. As a result of asset componentisation, certain components may be classified under different classes within Property, Plant and Equipment. For example, Mechanical and Electrical components within buildings are classed under Vehicles, Plant and Equipment. Where component assets are replaced, the carrying value of the asset is reviewed with an estimate made on the carrying amount of the old component being replaced to be written out.

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

Depreciation is charged annually and is charged in full in the year of disposal and not in the year of acquisition. Assets under construction do not incur depreciation until they are complete. Depreciation is not charged on assets classified as held for sale.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction expected within the following year, rather than through its continuing use, it is reclassified as an Asset Held for Sale. There must be a management decision that the asset will be sold and it must be actively marketed. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

Statement of Accounting Policies

Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the net loss on disposal of non-current assets line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses.

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

When an asset is disposed or decommissioned, any loss or profit on disposal is recognised in other operating expenditure. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10k are categorised as capital receipts. A proportion of receipts relating to housing disposals are payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund or Housing Revenue Account Balance in the Movement in Reserves Statement.

The flexibility over the use of capital receipts generated in the year in which they were received will be taken as per statutory guidance from the Ministry of Housing, Communities and Local Government to finance costs associated with service transformation and support the Dedicated Schools Grant safety valve agreement to reduce the deficit on the DSG.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Therefore, the loss or profit on sale is appropriated to the Capital Adjustment Account from the General Fund Balance via the Movement in Reserves Statement.

Council houses are sold at a discount in accordance with the legislative requirements. Some land and property may be sold at a discount or at nil value to housing associations in return for nomination rights (i.e. taking tenants from the Council's waiting list); other assets are sold at market value.

Commitments to make stock transfers are valued at estimated tenanted market value at the time the transfer is agreed, and an adjustment made to the non-current assets with any loss charged to the HRA Comprehensive Income and Expenditure Statement. An adjustment is made to non-current assets for any change to this valuation at the time of actual disposal.

Deferred credits on the Balance Sheet relate mainly to the sale of Council houses and reflect the amount of mortgage principal outstanding on sales, which will be transferred to capital receipts when paid.

Grants and contributions: Where grants and contributions are received that are identifiable for spend on Property, Plant and Equipment, the income is credited to the Comprehensive Income and Expenditure Statement under Taxation and Non-Specific Grant Income. These are then transferred to the Capital Grants Unapplied Reserve if not used and the Capital Adjustment Account when applied. If the grants have a condition for repayment and remain unapplied at the end of the year, they are held on the Balance Sheet as creditors.

2. Heritage Assets

The Council owns a number of heritage assets across the borough. The primary objective of holding these assets is for increasing the knowledge understanding and appreciation of the local history within the borough.

Where there is an open market, such assets will be valued at market value; assets with no marketable value will be held at replacement cost.

Where it is impossible to establish a value by either of these methods, the Council will consider other valuation methodologies such as insurable value; otherwise, the asset will be held at nil value but disclosed as a note to the accounts. Further details can be found in the Heritage assets note to the accounts.

Statement of Accounting Policies

Acquisitions of heritage assets can be made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at market value or other valuation methodology.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

3. 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, such as software licences, are only recognised on the Balance Sheet when they are purchased or where internally developed and the Council can demonstrate:

- The technical feasibility of completing the asset;
- Its intention and the availability of adequate resources to complete the asset;
- Its ability to use or sell the asset;
- How the asset will generate future economic benefits or deliver service benefits; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are included at historical cost and only re-valued in line with IAS 38, where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. Intangible assets are amortised over their useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the net loss on disposal of non-current assets line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

4. Charges to Revenue for Non-Current Assets

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

- Depreciation attributable to the assets used by the relevant service;
- Impairment losses on tangible non-current assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off; and
- Amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by a revenue provision 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.

5. Revenue Expenditure Funded from Capital under Statute

Revenue Expenditure Funded from Capital under Statute represents expenditure that may properly be capitalised, but which does not result in the creation of a non-current asset, for example housing association grants, capital expenditure

Statement of Accounting Policies

on non-maintained schools and housing improvement grants. Such expenditure is taken to service revenue in the year in which the expenditure is incurred. Where the Council has determined to meet the cost of this from existing capital resources or by borrowing, a transfer to the Capital Adjustment account reverses the amounts charged to the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement so there is no impact on the level of Council Tax.

From 1 April 2016, extended to 31 March 2030 the Council is allowed under Guidance published by MHCLG to flexible use of capital receipts on areas of revenue cost which generate ongoing savings to the Council. In the case where revenue spend is identified as meeting the criteria to use flexible capital receipts, the Council will meet the cost of the reform through capital receipts generated during the same financial year. Where the Council has determined to meet this cost from capital receipts a transfer to the Capital Adjustment Account reverses the amounts charged to the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement so there is no impact on the level of Council Tax.

6. Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are re-valued annually according to market conditions at year-end. Gains and losses on revaluation are posted to the Net Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

7. Leases

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

The Council as Lessee

The Council classifies leases based on the substance of the surrounding contractual arrangement. Contracts, including contracts for the delivery of services, are analysed to determine whether they convey the right to control the use of a specified asset, through the right to obtain substantially all the economic benefits or service potential from the use of that asset, and to direct its use during the period of the contract. The Code has extended the requirements of IFRS 16 to include arrangements where there is nil consideration, peppercorn or nominal payments.

Initial recognition

Leases are recognised as a right of use asset with a corresponding lease liability at the date from which the asset is available for use or from 1 April 2024, the IFRS 16 transition date, if later. The leases are typically for fixed periods in excess of one year but may have extension options.

Statement of Accounting Policies

The Council initially recognises lease liabilities measured as the present value of future lease payments discounted using the implicit rate in the lease. Where the implicit rate in the lease cannot be determined, the Council uses its incremental borrowing rate, based on the expected term of the lease, as the discount factor.

The lease payments used in the determination of the lease liability include:

- fixed rental payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate at the adoption data
- amounts expected to be payable under a residual value guarantee
- the price payable under a purchase option if the Council is reasonably certain to exercise that option
- lease payments in an optional renewal period if the Council is reasonably certain to exercise that option
- penalties for early termination of the lease unless the Council is reasonably certain not to exercise the option for early termination.

The right of use asset is measured at the amount of the lease liability, adjusted for any prepayments made plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on which it is located less any incentives received. For right of use assets where the Council is paying a peppercorn, nominal payments or nil consideration, the asset is measured at fair value.

Subsequent measurement

The right of use asset is subsequently measured using the fair value model. The Council considers that the cost model represents a reasonable proxy for the fair value of a right of use asset except where:

- assets are held under non-commercial leases, that is, leases where the Council is paying a peppercorn, nominal payments or nil consideration
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of greater than five years.

For leases not valued under the cost model, the right of use asset is carried at a revalued amount. The Council determines that the value of right of use assets held under index-linked leases have been adjusted for changes in the relevant index while assets held under peppercorn or nil consideration leases have been valued by a valuer with appropriate qualifications.

The right of use asset is depreciated on a straight-line basis over the shorter period of the remaining lease term and useful life of the underlying asset at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest rate method. The Council remeasures the lease liability when there is a change in:

- future lease payments arising from a change in the index or rate
- the estimated amount payable under a residual value guarantee
- the Council's assessment of whether it will exercise a purchase, extension or termination option, or
- a fixed lease payment.

When a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right of use asset with any further adjustment required from remeasurement recorded in the income statement.

Lease expenditure

Lease payments are debited against the lease liability. The Comprehensive Income and Expenditure Statement is charged each year with:

- interest
- straight line depreciation
- any asset impairments, and

Statement of Accounting Policies

- changes in variable payments that are not included in the measurement of the lease liability.

Right-of-use assets recognised under leases are subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. This will include valuation where the cost model does not provide a reliable proxy for the current value of the right-of-use asset.

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue (MRP) towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by revenue provision 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.

Low value and short-term leases

As permitted by the Code, the Council does not recognise a right of use asset or a corresponding lease liability for those leases where:

- the asset is considered to be a low-value item that cost less than £10,000 when new and is not highly dependent on or integrated with other items, and
- the term of the arrangement is less than 12 months taking into account the non-cancellable term of the arrangement plus any options to extend the arrangement that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise.

Where leases are for items of low value, or the lease term is less than 12 months from commencement, amounts paid under the lease are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased item. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

The Council continues to classify leases as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset from the Council to the lessee. All other leases are classified as operating leases

Finance Leases

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

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves

Statement of Accounting Policies

Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Unapplied Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the relevant service line in the Comprehensive Income and Expenditure Statement. 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.

8. Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Sensitivity analysis was conducted to determine the appropriate useful life for all components of infrastructure assets on a weighted average basis, based on the minimum, midpoint and maximum useful lives as recommended by CIPFA and endorsed by the UK Roads Leadership Group Asset Management Board. It was concluded that 40 years is applicable. Annual depreciation is the depreciation amount allocated each year.

REVENUE

9. Accruals of Income and Expenditure

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

Statement of Accounting Policies

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract
- 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 those rendered by the Council's officers) 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 there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. Disclosures will be omitted if the information is not material.
- The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.
- Where the authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the applicable exchange rate.

10. 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 working hours. Cash equivalents are investments that are held in instant access accounts, readily convertible to known amounts of cash with insignificant risk of change in value. Amounts held in fixed-term deposits not accessible within 24 working hours are not classified as cash equivalents, but as short-term investments. Any accrued interest will be treated in the same manner as the principal investment except for long-term investments with remaining terms in excess of 365 days; in these cases, accrued interest will be shown as short-term investments.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand. These form an integral part of the Council's cash management.

11. Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

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

Due to the requirement to present the financial statements with figures rounded to whole thousands, the figures reported are subject to rounding errors which are negligible differences from the actual figures in the Council's ledger. Rounding errors in the accounts are kept to a minimum and do not materially affect the reliability of the information provided.

Statement of Accounting Policies

12. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave, paid sick leave, other leave and non-monetary benefits, where material, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. Any accrual made is required under statute to be reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Comprehensive Income and Expenditure Account when the Council is demonstrably committed to either terminating the employment of an officer or group of officers.

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

Post-Employment Benefits

The Council participates in four defined benefit pension schemes-

- The Teachers' Pension Scheme;
- The NHS Pension Scheme;
- The London Borough of Hillingdon Pension Fund of the Local Government Pension Scheme (LGPS), administered locally by the Council; and
- The London Pension Fund Authority Pension Fund of the LGPS, which is a closed arrangement for former employees administered by the London Pension Fund Authority.

The accounts fully conform to the International Accounting Standard 19 (IAS 19) relating to Pension Fund liabilities. Both the Comprehensive Income and Expenditure Statement and the Balance Sheet reflect the effects of these requirements.

Teachers' Pension Scheme

- The Teachers' Pension Scheme is unfunded and administered on behalf of the Department of Education (DfE) by Capita. The pension cost charged to the accounts is the contribution rate set by the DfE on the basis of a notional fund. The arrangements for the teachers' scheme mean that the liabilities for the benefits cannot be identified specifically to the Council. As such the scheme is accounted for as if it was a defined contribution scheme and no liability for future payment has been recognised in the Council's Balance Sheet. The Schools Budget line in the Council's Comprehensive Income and Expenditure Statement is charged with the employers' contributions made into this scheme.

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NHS Pensions Scheme

- The NHS Pension Scheme is unfunded and is administered by NHS Business Services Authority. The arrangements for the NHS scheme mean that liabilities for the benefits cannot be identified specifically to the Council. These schemes are therefore accounted for as if they are a defined contribution scheme and no liability for future payments of benefits is recognised in the Council's Balance Sheet. The relevant service line in Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

The Local Government Pension Scheme

- The pension liabilities attributable to the Council under the LGPS are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.
- Liabilities are discounted to their value at current prices.
- The Pension Fund assets attributable to the Council is included in the Balance Sheet at fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value
- The change in the net pensions liability is analysed into the following components:
 - Service cost comprising:
 - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate Operating Budgets.
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council - the change during the period in the net defined benefit liability (asset) that arises from the passage of time – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
 - Remeasurements comprising:
 - The return on assets – excluding amounts included in net interest on the net defined benefit liability (asset) the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – debited to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Statement of Accounting Policies

- 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 – debited to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to pension funds – cash paid as employer's contribution to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued for 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.

13. Long Term Contracts

The Council has entered into a number of long-term contracts that have commitments beyond the period of account. These are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year. Material future fixed commitments are outlined in a note to the accounts.

14. Private Finance Initiative (PFI) Contract

The Council had one PFI contract that expired in 2024/25 which related to an Academy school. The asset is not recognised on the Council's Balance Sheet as it is leased out to the Academy under a finance lease. The PFI liability continues to be recognised in the Council's accounts.

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

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as a finance lease)

15. Government Grants and Contributions

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

- The Council will comply with the conditions attached to the payments, and

Statement of Accounting Policies

- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using 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 where conditions have not been satisfied are carried in the Balance Sheet as revenue or capital grants receipts in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grant Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grant Unapplied reserve are then transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Grant recognition will be considered and accounted for in accordance with the provisions of IFRS 15 and whether the Council is acting as a 'Principal or Agent'.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) 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 to support the demands that development places on local areas. 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 small proportion of the charges may be used to fund revenue expenditure covering administration costs.

16. Inventories and Work in Progress

Inventories held by the Council are de-minimis and are expensed through the Comprehensive Income & Expenditure Statement.

17. 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 (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council. The non-current assets of Voluntary Aided schools owned by faith organisations are found not to be controlled by the Council and as such the assets are not held within the Council's balance sheet under Property, Plant and Equipment.

Statement of Accounting Policies

18. Fair Value

Fair value measurement is defined by IFRS13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition is applied to all fair value measurement for non-operational property, plant and equipment (surplus assets), investment property as well as for financial instruments. Operational property, plant and equipment continue to be valued in line with its existing use. Fair value assumes the transaction to sell the asset takes place in the principal market for the asset or liability or in the absence of the principle market in the most advantageous market. When measuring non-operational property, plant and equipment, the fair value at highest and best use is adopted. Valuation techniques maximise known data and minimise the use of estimates or unknowns. This takes into account three levels of valuation inputs:

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

19. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation the existence of which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

20. Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

21. Provisions and Reserves

The Council is required to set aside money to cover future known or anticipated liabilities and each reserve or provision should be clearly identifiable as to its purpose and usage.

Provisions

Provisions are established for any liabilities of uncertain timing or amount that have been incurred. Provisions are recognised when: -

- There is a present obligation (legal or constructive) as a result of a past event;
- It is probable that a cost will have to be met to settle the obligation; and
- A reliable estimate of the cost can be made.

Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When a payment for expenditure against a provision is made, the expenditure is charged directly to that provision. All provisions are reviewed each year.

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

Statement of Accounting Policies

Impairment Allowance

No provision is made for debts that are secured except in exceptional circumstances. Of all remaining debts, and excluding financial instruments where an expected credit loss model is applied, the Council makes an impairment allowance based upon continuous reviews of likely recovery undertaken by service managers and supporting finance staff.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund and/or HRA Balance. 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 transferred back into the General Fund Balance 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, local taxation, retirement and employee benefits and do not represent usable resources for the Council.

In November 2020 a statutory instrument came into effect amending the Local Authority (Capital Finance and Accounting) Regulations (2003 Regulations) by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits. This relates to deficits in local authority accounts from 1st April 2020 onwards. The Council is not required to charge the deficit to a revenue account but instead records any such deficit in an account established solely for recording schools' deficits. This account is the Dedicated Schools Grant Adjustment Account and sits within Unusable Reserves. In-year deficits relating to Dedicated Schools' Grant are transferred to the Dedicated Schools Grant Adjustment Account through adjustments between funding and accounting under regulations.

22. Financial Assets

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

- amortised cost
- fair value through profit or loss (FVPL)
- fair value through other comprehensive income (FVOCI)

Amortised Cost

Where the Council's business model is to hold investments to collect contractual cash flows these are classified as amortised cost. Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the agreement.

The Council recognises expected credit losses on all its financial assets held at amortised cost, either on a 12-month or lifetime basis. Lifetime losses using the simplified approach are recognised for trade receivables held by the Council. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Statement of Accounting Policies

Soft Loans

Soft loans are when the Council makes loans to voluntary and applicable organisations at less than market rates. When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the applicable organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year - the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Fair Value through Profit or Loss (FVPL)

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

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

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

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

The inputs to the measurement techniques are categorised in accordance with the following three levels shown described in item 18 Fair Values.

The Council has applied the statutory override to its long term strategic pooled fund holdings and any movements in the fair value will be reversed through the MIRS into an unusable reserve.

As the equity investment in Hillingdon First Limited is classified as capital expenditure any change in fair value will be adjusted through the MIRS into the Capital Adjustment Account.

Fair Value through Other Comprehensive Income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Gains or losses arising from a change in the fair value will be reflected in the carrying amount of the instrument and updated in the Financial Instrument Revaluation Reserve.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement with any accrued fair value change being released from the Financial Instrument Revaluation Reserve.

Financial guarantees entered into before 1 April 2006 are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

Statement of Accounting Policies

Financial assets and liabilities are set-off against each other where the Council has a legally enforceable right to set-off and it intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

23. Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

- **Amortised Cost** - contains all of an authority's financial liabilities that are not 'held for trading' or derivatives.

The liability is maintained in the Balance Sheet at amortised cost. Initial measurement will be at fair value, normally the amount of the originating transaction, less transaction costs where material. The effective interest rate is then calculated, the effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. Annual charges to the Comprehensive Income and Expenditure Statement are made for interest payable and are based upon the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The amount presented in the Balance Sheet for most borrowings is the outstanding principal payable plus any accrued interest.

24. Redemption of Debt

The Council sets aside resources each year for the repayment of historical debt. Debt held by the Council is distinguishable into three types of loans:

(a) Maturity loans - where the principal is repaid in full on the date the loan matures and interest is paid every 6 months. The accrued interest is shown as part of the carrying value of the loan on the Balance Sheet.

(b) Equal Instalment of Principal (EIP) Loans - where an equal instalment of principal based on the life of the loan is repaid every six months. Interest is paid every six months based on the outstanding balance. The accrued interest is shown as part of the carrying value of the loan on the Balance Sheet.

(c) LOBO (lender's option, borrower's option) loans - where the principal is borrowed at a fixed rate of interest for a specified period of time, after which the lender has the option to change the rate of interest and the borrower has the option to continue with the loan at the new rate or repay the principal before maturity without penalty. If the lender does not change the rate, the principal is repaid in full on the date the loan matures. In the interim, interest payments are made every six months. The accrued interest is shown as part of the carrying value of the loan on the Balance Sheet.

Gains and losses on the repurchase or early settlement of borrowing are credited or debited to the Net Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is calculated by discounting the revised contractual cash flows with the original effective interest rate. This is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

25. Minimum Revenue Provision

Where the Council finances its capital programme through borrowing it must set aside resources annually through a Minimum Revenue Provision (MRP). This is within the revenue budget to repay the debt in later years. MRP will generally be charged over the useful life of the assets, beginning in the year after the asset becomes operational. In all cases the

Statement of Accounting Policies

Council will consider the most prudent method of providing for debt repayment. The annual MRP policy is included within the annual Treasury Management Strategy statement approved by Cabinet and Council in February. All MRP charges on previous and future borrowing are charged using the Asset Life Annuity method allowed within the statutory MRP guidance.

The HRA makes a form of MRP to pay down its self-financing settlement debt over the 30-year business cycle on which the settlement is based as a provision for repayment of debt.

26. Collection Fund

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and national non-domestic rates (NNDR). The key features relevant to accounting for Collection Fund activity in the core financial statements are:

- In its capacity as a billing authority the Council acts as agent; it collects and distributes income on behalf of the major preceptors and itself.
- While the income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released and transferred to the General Fund of the billing authority or paid out of the Collection Fund to major preceptors.

As the collection of Council Tax and NNDR income is in substance an agency arrangement, cash collected by the billing authority from Council Tax debtors belongs proportionately to the billing authority and the major preceptors as do the risks. There will therefore be a debtor/creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of the cash collected from Council Taxpayers and local Business Ratepayers.

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

27. VAT

Income and Expenditure excludes any amounts relating to VAT, as all VAT collected is payable to HM Revenue & Customs. VAT is included in the Income and Expenditure statement whether of a capital or revenue nature only to the extent that it is irrecoverable.

28. Events after the Reporting Period

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

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

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

Statement of Accounting Policies

29. Exceptional Items and Prior Year Adjustments

Exceptional items are included in the cost of the service to which they relate or on the face of the Income and Expenditure Statement if required to give a fair presentation of the accounts.

Account is taken of material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors by restating the comparative figures for the preceding period. The cumulative effect of prior period adjustments is included within the Comprehensive Income and Expenditure Statement for the current period.

Notes to the Main Financial Statements

1. EXPENDITURE AND FUNDING ANALYSIS

Since the production of the 2023/24 Statement of Accounts the Council structure has altered with certain services now reporting to different portfolios. As such the statement below shows the movement of funding used to provide services relating to the General Fund, from the originally published 2023/24 Statement of Accounts to the new Council structure.

The reported outturn position to Cabinet for 2023/24 is reflected in the table below alongside the restatement required to align the comparator cost of service to the management structure as at 31 March 2025, for the opening EFA position. The EFA then shows how these figures feed through to the Comprehensive Income and Expenditure Statement.

Restatement of 2023/24 Published Accounts			
Council Structure as per 2023/24 Statement of Accounts	Published EFA - Total Net Expenditure Charged to GF & HRA Balances £'000	Restated as per Council Structures 31 March 25 £'000	Restated EFA - Charged to GF & HRA Balance Total Net Expenditure £'000
Children, Families & Education	99,336	Children, Families & Education	70,380
Residents' Services	34,217	Community & Environment	49,650
Property, Highways & Transport	27,067	Corporate Services & Property	37,000
Corporate Services	29,497		
Finance	23,296	Finance & Transformation	42,051
Health and Social Care	56,279	Health and Social Care	56,280
		Planning, Housing & Growth	14,331
Corporate Funding	-	Corporate Funding	-
Total General Fund	269,692	Total General Fund	269,692
Schools	29,337	Schools	29,337
HRA	(10,238)	HRA	(10,238)
Total Other Funds	19,099	Total Other Funds	19,099
Net Cost of Services	288,791	Net Cost of Services	288,791

Notes to the Main Financial Statements

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

	Total Net Expenditure Charged to GF & HRA Balances	Adjustments between the Funding & Accounting Basis (Note 1A)	Earmarked Reserve Adjustments (Note 5)	Adjustments between Funding & Other Income and Expenditure on the Provision of Services (Note 1B)	Net Expenditure in Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
2024/25					
General Fund					
Children, Families & Education	79,923	36,629	(353)	(9)	116,190
Community & Environment	31,138	4,337	22	(24)	35,473
Corporate Services & Property	15,972	23,292	14	-	39,278
Finance & Transformation	55,019	(3,490)	547	(7,544)	44,532
Health & Social Care	113,704	2,697	(261)	(56,540)	59,600
Planning, Housing & Growth	14,719	(680)	66	(234)	13,871
Corporate Funding	(285,080)	21,423	(6,164)	269,821	-
Total General Fund	25,395	84,208	(6,130)	205,470	308,944
Other Funds					
Schools	3,505	15,471	-	(3)	18,973
Housing Revenue Account	-	84,552	-	(7,121)	77,431
Total Other Funds	3,505	100,023	-	(7,124)	96,404
Net Cost of Services	28,900	184,231	(6,130)	198,346	405,348
Other Income and Expenditure on the Provision of Services	-	(80,698)	-	(198,346)	(279,044)
(Surplus)/Deficit on Provision of Services	28,900	103,533	(6,130)	-	126,304

Movement in Balances 2024/25

	£'000
Opening General Fund and HRA Balance	63,392
General Fund Deficit	(25,395)
HRA Surplus	-
Schools Reserve Movements	(3,505)
Other Earmarked Reserve Movements	6,130
Closing General Fund and HRA Balance at 31 March 2025	40,622

Notes to the Main Financial Statements

2023/24

General Fund

Children, Families & Education
Community & Environment
Corporate Services & Property
Finance & Transformation
Health & Social Care
Planning, Housing & Growth
Corporate Funding

Total General Fund

Other Funds

Schools
Housing Revenue Account

Total Other Funds

Net Cost of Services

Other Income and Expenditure on the Provision of Services

(Surplus)/Deficit on Provision of Services

Total Net Expenditure Charged to GF & HRA Balances (Restated)	Adjustments between the Funding & Accounting Basis (Note 1A) (Restated)	Earmarked Reserve Adjustments (Note 5) (Restated)	Adjustments between Funding & Other Income and Expenditure to the Provision of Services (Note 1B) (Restated)	Net Expenditure in Comprehensive Income and Expenditure Statement (Restated)
£'000	£'000	£'000	£'000	£'000
67,200	303	2,877	-	70,380
27,494	19,743	2,835	(422)	49,650
18,360	17,674	966	-	37,000
49,157	5,335	(11,517)	(924)	42,051
97,373	2,381	7,033	(50,507)	56,280
8,380	2,975	2,976	-	14,331
(267,970)	(7,422)	8,692	266,700	-
(6)	40,989	13,862	214,847	269,692
436	28,901	-	-	29,337
85	1,638	(6,811)	(5,150)	(10,238)
521	30,539	(6,811)	(5,150)	19,099
515	71,528	7,051	209,697	288,791
-	(31,130)	-	(209,697)	(240,827)
515	40,398	7,051	-	47,964

Movement in Balances 2023/24

Opening General Fund and HRA Balance
General Fund Deficit
HRA Surplus
Schools Reserve Movements
Other Earmarked Reserve Movements

Closing General Fund and HRA Balance at 31 March 2024

£'000
70,958
6
(85)
(436)
(7,051)
63,392

Notes to the Main Financial Statements

1A. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note gives a summary of the adjustments allocated as 'Total Adjustments Between the Funding & Accounting Basis' within the EFA which are required to adjust the General Fund and HRA management outturn reported to Cabinet to arrive at the Comprehensive Income and Expenditure Statement recognised in accordance with proper accounting practices. Further information on these items can be found in note 4 to the accounts for Adjustments between Accounting Basis & Funding Basis Under Regulations which feed into the Movement in Reserves statement to align with the statutory amounts charged to the council taxpayer. Adjustments from the management reported General Fund and HRA Balances to arrive at the Comprehensive Income and Expenditure Statement amounts within Adjustments between Funding & Accounting Basis are analysed below.

2024/25

Children, Families & Education
Community & Environment
Corporate Services & Property
Finance & Transformation
Health & Social Care
Planning, Housing & Growth
Corporate Funding
Schools
HRA

Net Cost of Services

Other Income & Expenditure on the Provision of Services from the Expenditure and Funding Analysis

Difference between General Fund surplus or deficit and CIES (Surplus) or Deficit on the Provision of Services

Adjustments for Capital Purposes (1)	Net Change for the Pensions Adjustment (2)	Other Differences (3)	Total Adjustments between Funding & Accounting Basis
£'000	£'000	£'000	£'000
33,260	(2,541)	5,910	36,629
5,123	(1,896)	1,110	4,337
22,196	(701)	1,797	23,292
(7,111)	(1,139)	4,760	(3,490)
334	(1,291)	3,654	2,697
(21)	(925)	266	(680)
-	-	21,423	21,423
(1)	(204)	15,676	15,471
98,811	(359)	(13,900)	84,552
152,591	(9,056)	40,696	184,231
(90,414)	8,564	1,152	(80,698)
62,177	(492)	41,848	103,533

2023/24

Children, Families & Education
Community & Environment
Corporate Services & Property
Finance & Transformation
Health & Social Care
Planning, Housing & Growth
Corporate Funding
Schools
HRA

Net Cost of Services

Other Income & Expenditure on the Provision of Services from the Expenditure and Funding Analysis

Difference between General Fund surplus or deficit and CIES (Surplus) or Deficit on the Provision of Services

Adjustments for Capital Purposes (Restated) (1)	Net Change for the Pensions Adjustment (Restated) (2)	Other Differences (Restated) (3)	Total Adjustments between Funding & Accounting Basis (Restated)
£'000	£'000	£'000	£'000
1,339	(1,306)	270	303
16,850	(1,403)	4,296	19,743
16,586	(664)	1,752	17,674
34	(100)	5,401	5,335
408	(851)	2,824	2,381
26	(559)	3,508	2,975
-	-	(7,422)	(7,422)
-	(160)	29,061	28,901
12,160	(368)	(10,154)	1,638
47,403	(5,411)	29,536	71,528
(45,850)	12,254	2,466	(31,130)
1,553	6,843	32,002	40,398

Notes to the Main Financial Statements

(1) Adjustments for Capital Purposes

Net Cost of Services

This column adds depreciation, impairment and revaluation gains and losses in the services line

Other Income and Expenditure on the Provision of Services

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from Other Income and Expenditure on the Provision of Services as these are not chargeable under generally accepted accounting practices.

(2) Net Change for the Pensions Adjustments

Net Cost of Services

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

The removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

Other Income and Expenditure on the Provision of Services

Financing and investment income and expenditure - the net interest on the defined benefit liability which is charged to the CIES.

(3) Other Differences

Net Cost of Services

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

Other Income and Expenditure on the Provision of Services

Financing and investment income and expenditure - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

Taxation and non-specific grant income and expenditure - represents the difference between what is chargeable under statutory regulations for council tax and non-domestic rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Notes to the Main Financial Statements

1B. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note gives a summary of the adjustments allocated as "Adjustments Between Funding and Other Income and Expenditure" within the EFA which are required to adjust the General Fund and HRA management outturn reported to Cabinet to arrive at the Comprehensive Income and Expenditure statement. These adjustments remove items included within service lines of the Council's management presentation which relate to non-service items and reported under "Other Income and Expenditure on the Provision of Service" below the cost of service provision within the Comprehensive Income and Expenditure Statement. These items can be found within notes 6, 7 and 8.

Transfers include costs and income allocated between the service lines and also within items reported to management; transfers between General Fund and Earmarked Reserves.

Adjustments to General Fund and HRA net cost of services reported to management to Other Income and Expenditure on the Provision of Services in the Comprehensive Income and Expenditure Statement are analysed below.

	Precepts and Levies	Interest Payable	Interest Receivable	Taxation & Non Specific Grant Income (excl. Capital)	Transfers	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
2024/25						
Children, Families & Education	-	(9)	-	-	-	(9)
Community & Environment	-	(24)	-	-	-	(24)
Corporate Services & Property	-	-	-	-	-	-
Finance & Transformation	(853)	(7,000)	(802)	111	1,000	(7,544)
Health & Social Care	-	-	132	-	(56,672)	(56,540)
Planning, Housing & Growth	-	(234)	-	-	-	(234)
Corporate Funding	-	-	-	213,163	56,658	269,821
Schools	-	(3)	-	-	-	(3)
Housing Revenue Account	-	(9,926)	3,791	-	(986)	(7,121)
Net Cost of Services	(853)	(17,196)	3,121	213,274	-	198,346

NB Interest payable adjustments of £17,196k in the above table differs by £67k from interest payable of £17,129k reported in Note 7 due to notional interest adjustments reported under Net Financing and Investment Income and Expenditure within the CIES that were not included in the General Fund management outturn. These adjustments relate to interest on soft loan and employee car leasing scheme. Interest receivable also differs by £4k from the interest receivable figure within CIES reported in Note 7 due to notional interest on the employee car leasing scheme.

	Precepts and Levies (Restated)	Interest Payable (Restated)	Interest Receivable (Restated)	Taxation & Non Specific Grant Income (excl. Capital) (Restated)	Transfers (Restated)	Total Adjustments (Restated)
	£'000	£'000	£'000	£'000	£'000	£'000
2023/24						
Children, Families & Education	-	-	-	-	-	-
Community & Environment	-	(22)	-	-	(400)	(422)
Corporate Services & Property	-	-	-	-	-	-
Finance & Transformation	(841)	(5,242)	2,915	642	1,602	(924)
Health & Social Care	-	-	50	-	(50,557)	(50,507)
Planning, Housing & Growth	-	-	-	-	-	-
Corporate Funding	-	-	-	216,518	50,182	266,700
Schools	-	-	-	-	-	-
Housing Revenue Account	-	(5,389)	1,066	-	(827)	(5,150)
Net Cost of Services	(841)	(10,653)	4,031	217,160	-	209,697

Notes to the Main Financial Statements

2. SEGMENTAL INCOME AND EXPENDITURE

This note shows the Income and Expenditure received and paid on a segmental basis for material items reported in the Total Net Expenditure Charged to General Fund & HRA Balances within the Expenditure and Funding Analysis.

Segmental Income & Expenditure 2024/25

	Fees charges and other service income	Interest Receivable	Depreciation	Interest Payable
	£'000	£'000	£'000	£'000
Children, Families & Education	(1,998)	-	-	9
Community & Environment	(29,435)	-	-	24
Corporate Services & Property	(8,141)	-	-	-
Finance & Transformation	(1,923)	802	-	7,000
Health & Social Care	(18,891)	(132)	-	-
Planning, Housing & Growth	(12,265)	-	-	234
Corporate Funding	-	-	-	-
Schools	(13,884)	-	-	3
Housing Revenue Account	(80,099)	(3,791)	14,068	9,926
Net Cost of Services	(166,636)	(3,121)	14,068	17,196

Segmental Income & Expenditure 2023/24

	Fees charges and other service income (Restated)	Interest Receivable (Restated)	Depreciation (Restated)	Interest Payable (Restated)
	£'000	£'000	£'000	£'000
Children, Families & Education	(1,353)	-	-	-
Community & Environment	(28,537)	-	-	22
Corporate Services & Property	(7,613)	-	-	-
Finance & Transformation	(3,149)	(2,915)	-	5,242
Health & Social Care	(18,637)	(50)	-	-
Planning, Housing & Growth	(9,656)	-	-	-
Corporate Funding	-	-	-	-
Schools	(29,122)	-	-	-
Housing Revenue Account	(81,268)	(1,066)	13,675	5,389
Net Cost of Services	(179,335)	(4,031)	13,675	10,653

Notes to the Main Financial Statements

3. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	2024/25	2023/24
	£'000	£'000
Expenditure		
Employee benefits expenses	233,784	226,976
Employee benefits of Voluntary Aided & Foundation Schools*	52,421	48,853
Other services expenses	525,887	523,702
Support service recharges	5,674	5,380
Depreciation, amortisation, impairment	185,234	74,176
Interest payments**	25,693	22,841
Precepts and levies	853	841
Loss on the disposal of assets	-	-
Change in the Fair Value of Investment Properties	(400)	421
Payments to Housing Capital Receipts Pool	-	-
Total Expenditure	1,029,146	903,190
Income		
Fees, charges and other service income	(166,636)	(179,335)
Interest and investment income	(3,126)	(4,031)
Income from Council Tax and Non Domestic Rates	(184,508)	(186,313)
Government grants and contributions	(537,102)	(480,885)
Strategic Pooled Fund Fair Value Adjustment	10	(439)
Hillingdon First Ltd Fair Value Adjustment	1,612	2,550
Gain on the disposal of assets	(13,092)	(6,773)
Total Income	(902,842)	(855,226)
(Surplus)/Deficit on the Provision of Services	126,304	47,964

*Employee benefits of Voluntary Aided & Foundation schools - Voluntary aided and foundation school employees are not the employees of the Council but are incorporated into the single entity financial statements of the Council. The costs of employee benefits of voluntary aided and foundation schools have therefore been separately identified.

**Interest payments include £17,129k in interest payable and similar charges and £8,564k net interest on the net defined benefit liability in respect of the pension schemes (see notes 7 and 43).

Notes to the Main Financial Statements

4. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Housing Revenue Account Balance

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

Major Repairs Reserve

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

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

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

Notes to the Main Financial Statements

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS 2024/25

2024/25	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Reserve £'000	Capital Receipts Reserve £'000	Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Financial Instruments Adjustment Account £'000	Pensions Reserve £'000	Collection Fund Adjustment Account £'000	Accumulated Absences Account £'000	Dedicated Schools Grant Adjustment Account £'000	Pooled Investment Fund Adjustment Account £'000	Unusable Reserves £'000
Amortisation of intangible assets	(387)					(387)		387							387
Depreciation of non current assets	(28,479)		(14,068)			(42,547)	9,780	32,767							42,547
Revaluation and impairment of non current assets	(35,945)	(106,355)				(142,300)		142,300							142,300
Statutory provision for the financing of capital investment (MRP & VRP) and HRA debt provision	10,006	7,545			6,771	24,322		(24,322)							(24,322)
Revenue expenditure funded from capital under statute (REFCUS)	(17,438)	(6)				(17,444)		17,444							17,444
Capital grants and contributions applied	38,302	39,019		(11,175)		66,146		(66,146)							(66,146)
Capital expenditure charged in year to balances			26,865			26,865		(26,865)							(26,865)
Use of Capital Receipts Reserve to finance new capital expenditure					27,824	27,824		(27,824)							(27,824)
Amounts written off on disposal of non current assets	(16)	13,108			(21,073)	(7,981)	5,018	2,963							7,981
Finance Lease Principal	1,023					1,023		(1,023)							(1,023)
Gain/Loss Investment Property	400					400		(400)							(400)
Premiums and discounts	28					28			(28)						(28)
Strategic pooled fund fair value adjustment	(10)					(10)								10	10
Soft Loan notional interest	70					70			(70)						(70)
Hillingdon First Limited Fair Value Adjustment	(1,612)					(1,612)		1,612							1,612
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(33,197)	(2,756)				(35,953)				35,953					35,953
Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	34,031	2,415				36,446				(36,446)					(36,446)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(21,423)					(21,423)					21,423				21,423
Dedicated Schools Grant (DSG)	(15,313)					(15,313)							15,313		15,313
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(451)	(7)				(458)						458			458
Transfer to Reserve for Capital projects		13,913	(13,913)			-									-
Total Adjustments	(70,411)	(33,124)	(1,116)	(11,175)	13,522	(102,304)	14,798	50,893	(98)	(493)	21,423	458	15,313	10	102,304

Notes to the Main Financial Statements

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS 2023/24

2023/24	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Reserve £'000	Capital Receipts Reserve £'000	Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Financial Instruments Adjustment Account £'000	Pensions Reserve £'000	Collection Fund Adjustment Account £'000	Accumulated Absences Account £'000	Dedicated Schools Grant Adjustment Account £'000	Pooled Investment Fund Adjustment Account £'000	Unusable Reserves £'000
Amortisation of intangible assets	(340)					(340)		340							340
Depreciation of non current assets	(25,105)		(13,675)			(38,780)	10,991	27,789							38,780
Revaluation and impairment of non current assets	(12,886)	(22,170)				(35,056)		35,056							35,056
Statutory provision for the financing of capital investment (MRP & VRP) and HRA debt provision*	3,015	10,011				13,026		(13,026)							(13,026)
Revenue expenditure funded from capital under statute (REFCUS)	(17,949)	(23)				(17,972)		17,972							17,972
Capital grants and contributions applied	34,656	4,421		(2,137)		36,940		(36,940)							(36,940)
Capital expenditure charged in year to balances	7		22,729			22,736		(22,736)							(22,736)
Use of Capital Receipts Reserve to finance new capital expenditure					18,163	18,163		(18,163)							(18,163)
Amounts written off on disposal of non current assets	39	6,734			(24,312)	(17,539)	5,431	12,108							17,539
Finance Lease Principal	72					72		(72)							(72)
Gain/Loss Investment Property	(421)					(421)		421							421
Premiums and discounts	29					29			(29)						(29)
Strategic pooled fund fair value adjustment	438					438								(438)	(438)
Soft Loan Charge	67					67			(67)						(67)
Hillingdon First Limited Fair Value Adjustment	(2,550)					(2,550)		2,550							2,550
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(37,488)	(2,731)				(40,219)				40,219					40,219
Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	31,103	2,272				33,375				(33,375)					(33,375)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	7,422					7,422					(7,422)				(7,422)
Dedicated Schools Grant (DSG)	(28,695)					(28,695)							28,695		28,695
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(504)	(10)				(514)						514			514
Transfer to Reserve for Capital projects		10,187	(10,187)			-									-
Total Adjustments	(49,090)	8,691	(1,133)	(2,137)	(6,149)	(49,818)	16,422	5,299	(96)	6,844	(7,422)	514	28,695	(438)	49,818

Notes to the Main Financial Statements

5. EARMARKED RESERVE TRANSFERS

	31 March 2023	Transfers In 2023/24	Transfers Out 2023/24	31 March 2024	Transfers In 2024/25	Transfers Out 2024/25	31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Reserves:							
Grants Unapplied	2,931	1,098	(2,831)	1,198	1,409	(453)	2,154
Member Initiatives	3,772	694	(3,381)	1,085	28	(810)	303
Other Reserves	12,644	14,409	(21,717)	5,336	1,262	(4,376)	2,222
Public Health Reserve	662	-	-	662	1,946	(20)	2,588
Business Rates Reserve	(3,429)	-	(2,300)	(5,729)	9,497	(2,000)	1,768
Barnhill PFI	511	362	(195)	678	-	(302)	376
Parking Revenue Account / New Roads & Street Works Reserve	51	-	-	51	-	(51)	-
Total General Fund Earmarked Reserves	17,142	16,563	(30,424)	3,281	14,142	(8,012)	9,411
Schools Reserves	11,791	-	(436)	11,355	1,344	(4,849)	7,850
Housing Revenue Account	-	6,811	-	6,811	-	-	6,811
Total	28,933	23,374	(30,860)	21,447	15,486	(12,861)	24,072

Grants Unapplied

Funds set aside from specific revenue grants to support future investment in services, which will be drawn down as required to support ongoing projects.

Member Initiatives

Funds set aside to support delivery of specific local initiatives, including Hillingdon Improvement Programme, Highways maintenance and Leader's Initiatives amongst other projects. These monies are expected to be drawn down over the life of these initiatives.

Other Reserves

Funds set aside to manage cyclical or irregular expenditure and risks, including Housing Needs Initiatives, the Corporate Insurance Reserve, Elections Reserve and provision for costs of service transformation amongst other balances. Funds will be drawn down as required to fund specific costs.

Business Rate Retention Reserve

Grant income received from Government to reimburse the Council for losses within the Collection Fund Adjustment Account relating to changes to Business Rates Reliefs. Under the current Business Rates Retention System, these grants are received in advance of deficits impacting upon the General Fund and therefore held in a separate reserve.

Barnhill PFI

Funds held to cover costs occurring over the lifecycle for the PFI school Barnhill Academy.

Public Health Reserve

A reserve required under statute to earmark any under spend on Public Health activities transferred into the Council from the NHS from 1 April 2013. Monies set aside include funds to meet outstanding commitments and manage any risks associated with the service.

Housing Revenue Account Reserve

An earmarked reserve has been created to support the financing of future HRA developments.

6. OTHER OPERATING EXPENDITURE

	2024/25 £'000	2023/24 £'000
Precepts and Levies	853	841
Total	853	841

Notes to the Main Financial Statements

7. NET FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2024/25 £'000	2023/24 Restated £'000
Interest payable and similar charges	17,129	10,588
Interest receivable and similar income	(3,125)	(4,031)
Strategic pooled fund fair value adjustment	10	(439)
Hillingdon First Ltd fair value adjustment	1,612	2,550
Net interest on the net defined benefit liability	8,564	12,254
Changes in the fair value of investment properties	(400)	421
Total	23,790	21,343

8. TAXATION AND NON-SPECIFIC GRANT INCOME

	2024/25 £'000	2023/24 £'000
Council Tax Income	(135,065)	(136,321)
Non-Domestic Rates Income	(110,048)	(112,091)
Non-Domestic Rates Tariff payable to Central Government	56,281	53,459
Non-Domestic Rates Levy (receivable)/Payable to Central Government	4,324	8,639
Non-Ringfenced Government Grants	(28,765)	(30,847)
Capital Grants & Contributions	(77,322)	(39,077)
Total	(290,595)	(256,238)

Notes to the Main Financial Statements

9. MOVEMENT OF PROPERTY, PLANT & EQUIPMENT 2024/25

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total Property, Plant & Equipment £'000
Cost or Valuation as at 1 April 2024	861,554	913,358	107,046	15,560	59,225	42,897	1,999,640
Additions	101,683	-	5,463	-	22,306	-	129,452
Enhancements	29,560	23,286	4,153	173	43,798	-	100,970
Revaluation increases/(decreases) recognised in Revaluation Reserve	(149)	1,551	(20,253)	-	(53)	2,717	(16,187)
Revaluation increases/(decreases) recognised in Surplus/Deficit on Services	(109,171)	(41,841)	(703)	-	(72)	4,102	(147,685)
Derecognition - Disposals	(83)	(73)	-	-	-	(7,012)	(7,168)
Derecognition - Other	(89)	(795)	(3,394)	-	(1)	-	(4,279)
Assets reclassified within Property Plant and Equipment	15,691	(52,734)	46,475	-	(12,181)	2,749	-
Other Movements in Cost or Valuation	-	-	-	-	-	-	-
Cost or Valuation as at 31 March 2025	898,996	842,752	138,787	15,733	113,022	45,453	2,054,743
Accumulated Depreciation & Impairment as at 1 April 2024	-	(7,716)	(30,561)	(553)	(9)	-	(38,839)
Depreciation charge in 2024/25	(13,380)	(11,492)	(7,694)	(12)	-	(19)	(32,597)
Depreciation written out to Revaluation Reserve	10,501	4,927	3,437	-	-	123	18,988
Depreciation written out to Surplus/Deficit on Services	2,876	2,385	80	-	-	43	5,384
Derecognition - Disposals	-	1	-	-	-	-	1
Derecognition - Other	3	702	3,394	-	-	-	4,099
Assets reclassified within Property Plant and Equipment	-	2,133	(1,324)	-	-	(809)	-
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-
Accumulated Depreciation & Impairment as at 31 March 2025	-	(9,060)	(32,668)	(565)	(9)	(662)	(42,964)
Balance Sheet amount 1 April 2024	861,554	905,642	76,485	15,007	59,216	42,897	1,960,801
Balance Sheet amount 31 March 2025	898,996	833,692	106,119	15,168	113,013	44,791	2,011,779

The large movement in Assets reclassified within Property Plant and Equipment relates to Mechanical and Electrical components being classed from Other Land & Buildings to Vehicles, Plants & Equipment. Reclassifications into Council Dwellings include completed housing development sites previously included under Assets Under Construction.

Notes to the Main Financial Statements

MOVEMENT OF PROPERTY, PLANT & EQUIPMENT 2023/24

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total Property, Plant & Equipment £'000
Cost or Valuation as at 1 April 2023	856,238	878,483	103,937	15,274	34,838	37,867	1,926,637
Additions	20,235	-	2,762	51	1,169	-	24,217
Enhancements	24,591	17,223	1,261	235	29,335	-	72,645
Revaluation increases/(decreases) recognised in Revaluation Reserve	(10,644)	41,641	2,518	-	-	5,207	38,722
Revaluation increases/(decreases) recognised in Surplus/Deficit on Services	(24,484)	(14,359)	(1,096)	-	-	(1,209)	(41,148)
Derecognition - Disposals	(4,305)	(7,549)	(85)	-	-	(1,536)	(13,475)
Derecognition - Other	(77)	(5,621)	(2,260)	-	-	-	(7,958)
Assets reclassified within Property Plant and Equipment	-	3,540	9	-	(6,117)	2,568	-
Assets reclassified (to) & from Held for Sale & Investment Properties	-	-	-	-	-	-	-
Cost or Valuation as at 31 March 2024	861,554	913,358	107,046	15,560	59,225	42,897	1,999,640
Accumulated Depreciation & Impairment as at 1 April 2023	-	(14,846)	(29,022)	(541)	(9)	(13)	(44,431)
Depreciation charge in 2023/24	(12,997)	(9,788)	(7,394)	(12)	-	(16)	(30,207)
Depreciation written out to Revaluation Reserve	10,618	11,901	3,259	-	-	42	25,820
Depreciation written out to Surplus/Deficit on Services	2,314	3,490	251	-	-	36	6,091
Derecognition - Disposals	65	349	85	-	-	-	499
Derecognition - Other	-	1,129	2,260	-	-	-	3,389
Assets reclassified within Property Plant and Equipment	-	-	-	-	-	-	-
Assets reclassified (to) & from Held for Sale & Investment Properties	-	49	-	-	-	(49)	-
Accumulated Depreciation & Impairment as at 31 March 2024	-	(7,716)	(30,561)	(553)	(9)	-	(38,839)
Balance Sheet amount 1 April 2023	856,238	888,847	78,414	14,733	34,829	37,854	1,910,915
Balance Sheet amount 31 March 2024	861,554	905,642	76,485	15,007	59,216	42,897	1,960,801

Notes to the Main Financial Statements

9A. INFRASTRUCTURE ASSETS

	2024/25 £'000	2023/24 £'000
Net Book Value as at 1 April	187,054	184,543
Enhancements	12,423	11,067
Depreciation charge	(8,832)	(8,556)
Net Book Value as at 31 March	190,645	187,054

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

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

9B. INTANGIBLE ASSETS

Software Licences

	2024/25 £'000	2023/24 £'000
Cost or Valuation as at 1 April	3,040	2,722
Additions	2,132	539
Derecognition - Other	(332)	(221)
Cost or Valuation as at 31 March	4,840	3,040
Accumulated Amortisation as at 1 April	(1,587)	(1,451)
Amortisation charge	(387)	(357)
Derecognition - Other	331	221
Accumulated Amortisation as at 31 March	(1,643)	(1,587)
Net Book Value as at 1 April	1,453	1,271
Net Book Value as at 31 March	3,197	1,453

9C. ASSETS HELD FOR SALE

There are no assets held for sale for 2024/25, this was the same for 2023/24.

Notes to the Main Financial Statements

10. REVALUATION LOSSES/GAINS RECOGNISED IN COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

The Council undertakes a rolling programme that ensures all of its Property, Plant and Equipment is carried at current value or fair value as prescribed in the Code of Practice and that every asset is valued at least every 5 years. In 2024/25 a rolling programme of General Fund assets including investment properties and high value assets, were valued by external independent valuers Wilks Head & Eve LLP.

The Housing Stock was uplifted in value to reflect market conditions for all Council Dwellings by Jones Lang LaSalle Limited to reflect the value at 31 March 2025 through a desktop valuation process. Valuations are carried out in accordance with professional standards of the Royal Institution of Chartered Surveyors.

During 2024/25, the Council has recognised revaluation gains of £2.9m (£64.7m in 2023/24) directly to the revaluation reserve. The Council also recognised valuation losses of £142.3m (£35.1m in 2023/24) in the Surplus/Deficit on provision of services which was then reversed through the Movement in Reserves Statement to mitigate any impact on General Fund and Housing Revenue Account Balances.

Out of the total £2,216m (£2,160m in 2023/24) net book value recorded for PPE, Infrastructure Assets, Heritage Assets, Intangible Assets and Investment Properties, 77% (£1,711m) relates to valuations during 2024/25. For 2023/24 this was 78% (£1,686m)

Fair Value Hierarchy

Investment property and surplus properties are measured at fair value in accordance with IFRS13 Fair Value Measurement. In estimating the fair value, the valuation has taken into account the highest and best use of the assets estimating the price at which an orderly transaction to sell the asset would take place under current market conditions. IFRS13 also seeks to increase consistency and comparability within the valuation process and categorises valuations under a fair value hierarchy which considers methodology of the valuation using levels of observable and unobservable inputs. Property within the borough is actively purchased, sold or leased on the open market and there are a number of comparables. As such, the level of observable inputs is significant, leading to all properties being categorised as level 2 on the fair value hierarchy. There have been no changes in asset methodology which resulted in moving asset fair values between levels on the fair value hierarchy during the year.

11. COMMITMENTS UNDER CAPITAL CONTRACTS

As at 31 March 2025, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment during 2025/26 and future years budgeted to cost £66,768k.

Scheme	31 March 2025	31 March 2024
	£'000	£'000
Housing	31,356	17,166
Housing Regeneration	1,771	25,205
New Vehicles	1,841	231
New Platinum Jubilee Leisure Centre, West Drayton	4,250	1,283
Other Capital Projects	8,099	6,659
Schools Expansions Programme	19,451	10,356
Total	66,768	60,900

- Housing - The council's HRA works to stock programme provides essential upgrades to the Council's housing stock, along with higher energy efficiency standards whilst improving the quality of life of tenants. The HRA also includes provisions for major adaptations to Council homes to support disabled residents.

Notes to the Main Financial Statements

- Housing Regeneration is the Regeneration Programme on the Hayes town Centre and Avondale Road estates. The major regeneration project will deliver a total of 740 new homes in several phases over a number of years. The first contractual phase commenced in December 2022 and has £1,771k remaining. The first phase is due to complete in 2025/26.
- New Platinum Jubilee Leisure Centre, West Drayton is a major construction project budgeted at £37m; works are under construction and the project is expected to be completed in 2025/26.
- The schools expansions programme is increasing SEND provision in the Borough with two Meadow High School projects at different sites. The main contractor for both projects has gone into liquidation. One of the schemes is being self delivered by the Council with smaller contracts being awarded whilst the other scheme will be awarded a significant replacement contract to increase provision at Meadow High School.

12. HERITAGE ASSETS

At 31 March 2025 the Council held Civic Regalia and a statue 'Anticipation' at an insurance value of £606k. The Council owns the Battle of Britain Bunker that has been insured for £4,859k and there was capital expenditure of £87k in year to maintain the asset. As neither a current market valuation, nor a replacement cost is available due to the specialist nature of this historic asset, the insurance has been used as the basis for valuation. In addition, several artefacts held at the battle of Britain bunker site are held as heritage assets, which belonged to Battle of Britain flying ace Wing Commander Ronald Gustave Kellett who was stationed at RAF Northolt in 1940. These items have been valued at £200k based on auctions of similar items.

The Council also holds an 18th Century stable block within the grounds of Cranford Park alongside a collection of antique farm equipment. There are a number of artefacts including historical archives stored within the Battle of Britain bunker. These are insured through the Council's general insurance scheme but do not hold specific valuations, are non-realizable and therefore are not included on the Council's balance sheet.

	2024/25 £'000				
	Art Collection	Anticipation Statue	Regalia	Battle of Britain Bunker	Total
Cost or Valuation as at 1 April	150	45	544	5,790	6,529
Additions	-	-	-	-	-
Enhancements	-	-	-	87	87
Revaluations	50	17	-	-	67
Cost or Valuation as at 31 March	200	62	544	5,877	6,683

	2023/24 £'000				
	Art Collection	Anticipation Statue	Regalia	Battle of Britain Bunker	Total
Cost or Valuation as at 1 April	150	45	544	4,990	5,729
Additions	-	-	-	-	-
Enhancements	-	-	-	800	800
Revaluations	-	-	-	-	-
Cost or Valuation as at 31 March	150	45	544	5,790	6,529

Heritage Assets of Particular Importance

The Battle of Britain Bunker is an underground operations room and is a historic landmark of national significance. The bunker played a crucial role in the air defence of the United Kingdom throughout World War Two by the No 11 Group Fighter Command. It was vital in directing RAF operations throughout the war with fighter aircraft operations being controlled from the bunker throughout the war but most notably during the Battle of Britain and on D-Day. The bunker

Notes to the Main Financial Statements

was visited by both Winston Churchill and King George VI in 1940 and it was here that Winston Churchill on 16 August 1940 spoke the famous words "Never in the field of human conflict was so much owed, by so many, to so few". Evacuations started in 1938 and the operations bunker was constructed in 1939. The bunker is located 60 feet below ground level and is accessed via a staircase of over 70 steps. Within the collection which belonged to Wing Commander Ronald Gustave Kellett, are medals awarded for distinguished acts of valour and courage such as the Distinguished Flying Cross (DFC) as well as flying logbooks. A number of items are displayed for residents to view while other items will be preserved researchers and historians to view to represent the historical importance and protect for generations to come. The Battle of Britain Bunker is signed up to the Museums Association's code of ethics. The site is alarmed and monitored with security services to protect the site and artefacts. Restoration and conservation works have been carried out on a number of exhibited artefacts within the bunker such as the wartime map.

13. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement:

	2024/25 £'000	2023/24 £'000
Rental income from investment property	(307)	(303)
Direct operating expenses arising from investment property	55	68
Net gain	(252)	(235)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

	2024/25 £'000	2023/24 £'000
Opening Balance	4,267	4,688
Gain/Loss Fair Value adjustment	400	(421)
Disposal	(632)	-
Closing Balance	4,035	4,267

Notes to the Main Financial Statements

14. FINANCIAL INSTRUMENT BALANCES

FINANCIAL ASSETS

	Current		Long-Term		Total	
	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000
Investments at Amortised Cost	1,043	1,005	-	-	1,043	1,005
Fair Value through Profit & Loss						
- Principal	-	-	15,049	15,071	15,049	15,071
- Fair Value Adjustment	-	-	(1,077)	(1,091)	(1,077)	(1,091)
- Hillingdon First Limited - Principal	-	-	4,209	6,759	4,209	6,759
- Hillingdon First Limited - Fair Value Adjustment	-	-	(1,612)	(2,550)	(1,612)	(2,550)
THCC loan for care home acquisition			575		575	
- GLL Soft Loan	-	-	1,373	1,304	1,373	1,304
Total Investments	1,043	1,005	18,516	19,493	19,559	20,498
Cash & Cash Equivalents at Amortised Cost						
- Cash held by the Council	17	20	-	-	17	20
- Bank Current Accounts	14,012	18,368	-	-	14,012	18,368
- Liquid Deposits	14,302	28,522	-	-	14,302	28,522
Total Cash & Cash Equivalents	28,331	46,910	-	-	28,331	46,910
Other Assets at Amortised Cost						
- Trade Receivables	61,366	34,110	4	1,561	61,370	35,671
- Loss allowance	(18,474)	(15,413)	-	-	(18,474)	(15,413)
- Lease receivables	68	-	157	-	225	-
Total Other Assets	42,960	18,697	161	1,561	43,121	20,258
Total Financial Assets	72,333	66,612	18,677	21,054	91,010	87,666

FINANCIAL LIABILITIES

	Current		Long-Term		Total	
	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000
Loans at Amortised Cost						
- Principal sum borrowed	(108,691)	(100,500)	(408,788)	(255,671)	(517,480)	(356,171)
- Accrued Interest	(3,639)	(2,299)	-	-	(3,639)	(2,299)
- EIR Adjustment	-	-	9,346	9,398	9,346	9,398
Total Loans	(112,330)	(102,799)	(399,442)	(246,273)	(511,773)	(349,072)
Other Liabilities at Amortised Cost						
- Trade Payables	(32,204)	(39,664)	-	(12)	(32,204)	(39,676)
- PFI arrangements	-	(30)	-	-	-	(30)
- Leases	(957)	-	(4,778)	-	(5,735)	-
Total Other Liabilities	(33,161)	(39,694)	(4,778)	(12)	(37,939)	(39,706)
Total Financial Liabilities	(145,492)	(142,493)	(404,220)	(246,285)	(549,712)	(388,778)

Notes to the Main Financial Statements

INCOME, EXPENSE, GAINS AND LOSSES

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

	2024/25	2023/24 Restated
	Surplus or Deficit on the provision of Services £'000	Surplus or Deficit on the provision of Services £'000
Interest Revenue		
- Assets measured at amortised cost	(1,187)	(2,108)
Dividend Revenue		
- Assets measured at fair value through profit and loss	(1,938)	(1,944)
Net Gains	-	(438)
Interest & Investment Income and Revaluation Gains	(3,125)	(4,491)
Interest Expenses		
- Liabilities measured at amortised cost	16,521	10,262
- PFI & Lease Contracts	279	22
- Other	189	227
Other Expenses		
- Brokerage Fees	140	78
- Other Professional Fees		
Net Losses	1,622	2,572
Interest Payable and Revaluation Losses	18,751	13,161
Net (Gain)/Loss for the Year	15,626	8,670

STRATEGIC POOLED FUND INVESTMENTS AT FAIR VALUE THROUGH PROFIT & LOSS

The Council has elected to apply the statutory override to account for the following investments measured at fair value through profit & loss and transfer any fair value movements through the MIRS into the Pooled Investment Fund Adjustment Account.

Equity Instruments designated at Fair Value through Profit & Loss

	Fair Value		Dividends		Transfer Gain/(Loss)	
	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000
Long Term						
- Ninety One Diversified Income Fund	4,438	4,446	220	204	(8)	(23)
- Columbia Threadneedle Strategic Bond Fund	4,741	4,719	191	197	21	209
- M&G Optimal Income Fund	4,743	4,765	227	222	(23)	252
Total Equity Instruments	13,921	13,931	638	623	(10)	438

The Council also holds £50k in other assets held at fair value. Movements in the fair value on these assets are expensed within the CIES in year and not included in the statutory override.

Notes to the Main Financial Statements

FAIR VALUES OF ASSETS AND LIABILITIES

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

The financial assets held by the Council during the year are accounted for under the following classifications:

- Amortised cost
- Fair value through other comprehensive income
- Fair value through profit and loss

Financial liabilities

A financial liability is a contractual obligation to deliver cash or other financial asset to another entity or exchange a financial asset or liability with another entity under conditions, which are potentially unfavourable to the Council. The Council's financial liabilities held during the year were all measured at amortised cost.

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows that are scheduled to take place over the remaining life of the instrument. This provides an estimate of the value of payments in the future in today's terms.

Fair Value

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2025, using the following methods and assumptions:

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2025, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate, or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows, excluding service charge elements, at the appropriate AA-rated corporate bond yield.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

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

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

Notes to the Main Financial Statements

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

FAIR VALUE OF LIABILITIES

Financial Liabilities	Fair Value Level	31 March 2025		31 March 2024	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£'000	£'000	£'000	£'000
PWLB Loans	2	(370,185)	(347,068)	(230,466)	(215,361)
Market Loans	2	(48,607)	(49,562)	(48,607)	(53,667)
Local Authority Loans	2	(92,981)	(93,497)	(69,998)	(69,835)
Lease & PFI Liabilities	2	(5,735)	(5,735)	(30)	(30)
Trade Payables	N/A	(32,204)	(32,204)	(39,676)	(39,676)
		(549,712)	(528,066)	(388,778)	(378,570)

Overall, the fair value of liabilities is lower than the balance sheet carrying amount because the Council's debt portfolio includes a number of loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. Overall, there is a notional future gain (based on economic conditions at 31 March 2025) arising from a commitment to pay interest to lenders below current market rates.

FAIR VALUE OF ASSETS

	Fair Value Level	31 March 2025		31 March 2024	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£'000	£'000	£'000	£'000
Financial Assets Held at Fair Value					
Money Market Funds	1				
Pooled Funds (Long-Term)	2	13	13	14	14
Strategic Pooled Funds (Long-Term)	2	13,921	13,921	13,931	13,931
Shares in Listed Companies (Long-Term)	1	37	37	35	35
Hillingdon First Limited - Equity	3	2,597	2,597	4,209	4,209
Financial Assets Held at Amortised Cost					
Short-Term Deposits & Deposit Accounts	N/A	1,043	1,043	1,005	1,005
Cash and Bank Current Accounts	N/A	28,331	28,331	46,910	46,910
GLL Soft Loan	N/A	1,373	1,373	1,304	1,304
Loan to THCC	N/A	575	575	-	-
Lease Receivables	N/A	225	225	-	-
Trade Receivables	N/A	42,896	42,896	20,258	20,258
		91,010	91,010	87,667	87,667

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

Notes to the Main Financial Statements

LOSS ALLOWANCE BY ASSET CLASS

	31 March 2025		31 March 2024	
	Gross receivable £'000	Simplified approach Loss Allowance £'000	Gross receivable £'000	Simplified approach Loss Allowance £'000
Lifetime Expected Credit Loss - Trade Receivables	61,366	(18,474)	34,110	(15,413)

Offsetting Financial Assets and Liabilities

Financial assets or liabilities are set off against each other where the Council has a legally enforceable right to do so. The Council's bank accounts held with NatWest Bank have a right of offset; for 2024/25 there were no accounts in an overdraft position where an offset was applied.

RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

	31 March 2025 £'000	Realised gains/losses £'000	Unrealised gains/losses £'000	Sales £'000	Purchases £'000	Transfers out of Level 3 £'000	Transfers into Level 3 £'000	01 April 2024 £'000
Hillingdon First Limited - Equity	2,597	-	(1,612)	-	-	-	-	4,209
	2,597		(1,612)		-			4,209

There have been no transfers between levels during the financial year. Transfers will only occur when there is a fundamental change in the underlying pricing structure and inputs.

The Council has invested £3.37m as equity shares in Hillingdon First Limited (HFL), a wholly owned subsidiary. Shares in HFL are not publicly traded so a market share is not readily available thus the fair value of the company has been independently determined to be £2.6m as at 31 March 2025 on the basis of future cash flows, business plan and the company's own accounts. This is an unrealised loss of £1.6m from the previous valuation.

Changes in any of these assumptions would influence the fair value of HFL, thus a 1% change in assumptions would mean a in a £26k change in fair value.

15. SHORT TERM DEBTORS

	31 March 2,025 £'000	31 March 2,024 £'000
Trade Receivables	42,892	18,697
Lease Receivables	68	-
Prepayments	7,725	3,058
Other receivable amounts	31,613	61,627
	82,298	83,382

Included within short term debtors is an impairment allowance for £48,969k (£35,505k in 2023/24) of which £18,474k relates to trade receivables and £30,495k relates to other receivable amounts.

Notes to the Main Financial Statements

16. DEBTORS FOR TAXATION

Debtors for taxation are included within the 'other receivable amounts' in note 15 and are detailed below:

	31 March 2025 £'000	31 March 2024 £'000
Up to one year	9,240	7,854
One to three years	8,429	10,240
Over three years	17,945	17,980
	35,614	36,074

The total debtors figure of £35,614k in the above table is the gross debtor before bad debt provision. Bad debt provisions in respect of debtors for taxation amount to £23,682k and offset the "other receivable amounts" total in note 15.

17. LONG TERM DEBTORS

	31 March 2025 £'000	To Short Term £'000	Repayments £'000	Additions £'000	31 March 2024 £'000
Housing advances & associations	2	-	-	-	2
Sale of council houses	2	-	-	-	2
Other loans & advances	819	-	(353)	819	353
Developer contributions	330	-	(1,560)	330	1,560
	1,153	-	(1,913)	1,149	1,917

18. SHORT TERM CREDITORS

	31 March 2025 £'000	31 March 2024 Restated £'000
Trade Payables	32,204	39,664
Lease Payables	957	-
Other Payables	79,432	63,790
	112,593	103,454

The 2023/24 short term creditors comparator has been restated for £1,153k revenue grants receipts in advance previously reported under short term creditors now disclosed separately in note 34.

19. LONG TERM CREDITORS

Long Term Creditors consist of balances held under Section 106 and 278 Agreements and deposits. These amounted to £3,506k at 31 March 2025 (£2,916k at 31 March 2024).

20. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	31 March 2025 £'000	31 March 2024 £'000
Cash and Bank Current Accounts	28,331	46,910
Total Cash and Cash Equivalents	28,331	46,910

Notes to the Main Financial Statements

21. PROVISIONS

	1 April 2024	Additional provisions made in 2024/25	Amounts used in 2024/25	Unused amounts reversed in 2024/25	31 March 2025	Short-Term Provisions	Long-Term Provisions
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non Domestic Rates Appeal Losses	877	3,216	-	-	4,093	4,093	-
Social Care Disputes	732	-	-	(570)	162	162	-
Insurance Provision	2,683	484	-	(114)	3,053	2,047	1,006
Other provisions	24	140	-	-	164	155	9
Total Provisions	4,316	3,840	-	(684)	7,472	6,457	1,015

Non-Domestic Rates Appeal Losses

See note 3 to the Collection Fund Accounts. The Collection Fund Share represents the Council's 30% obligation in relation to appeals over the rateable value of properties from NNDR purposes. The provision has increased by £3,216k due to changes in methodology to factor in two updates: firstly to recognise this is the final year of the current valuation period therefore expecting more appeals to be lodged. Secondly to factor in anticipated future appeals which were previously not included in the policy.

Social Care Disputes

The provision of £570k released in 2024/25 relates to payment disputes settled and paid in year.

Insurance

The Council has external insurance and liability indemnity to protect against major risks associated with items such as buildings and motor vehicles. The excess levels are as follows:

- Property - £100k for combined risks
- Liability - £375k
- Motor Vehicles - £100k

The Council self-funds claims which fall under the excess thresholds. The insurance fund provision is to provide for outstanding claims against the Council as at 31 March 2025. The ratio of insurance provisions is approximately 70% short-term and 30% long-term.

Other provisions

The other provisions represent amounts set aside to meet potential future liabilities. New provisions made in 2024/25 include items such as potential Electricity Generator Levy fees and housing legal costs. The opening balance at 1st April 2024 has been adjusted by £6k due to transition to IFRS16 in respect of vehicle leases.

22. UNUSABLE RESERVES

	31 March 2025	31 March 2024
	£'000	£'000
Revaluation reserve	686,075	698,005
Capital adjustment account	951,911	1,002,804
Financial instruments adjustment account	(446)	(544)
Pensions reserve	(122,837)	(183,052)
Collection fund adjustment account	(12,765)	8,658
Accumulated absences account	(6,842)	(6,384)
Dedicated schools grant adjustment account	(65,895)	(50,582)
Pooled Investment Fund Adjustment Account	(1,079)	(1,069)
Total Unusable Reserves	1,428,122	1,467,836

Notes to the Main Financial Statements

22A. CAPITAL ADJUSTMENT ACCOUNT

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

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

	2024/25		2023/24	
	£'000	£'000	£'000	£'000
Balance at 1 April		1,002,804		1,008,103
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
- Charges for depreciation and impairment of non-current assets	(42,547)		(38,780)	
- Revaluation gains/(losses) on Property, Plant and Equipment	(142,300)		(35,056)	
- Change in Fair Value Adjustment Hillingdon First	(1,612)		(2,550)	
- Amortisation of intangible assets	(387)		(340)	
- Revenue expenditure funded from capital under statute	(17,444)		(17,972)	
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(7,981)	(212,271)	(17,539)	(112,237)
Adjusting amounts written out of the Revaluation Reserve		14,798		16,422
Net written out amount of the cost of non-current assets consumed in the year		(197,473)		(95,815)
Capital financing applied in the year:				
- Use of the Capital Receipts Reserve to finance new capital expenditure	27,824		18,163	
- Use of Capital Receipts Reserve to reduce capital financing requirement	6,771			
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	65,859		36,940	
- Application of grants to capital financing from the Capital Grants Unapplied Account	287		-	
- Statutory and voluntary provision for the financing of capital investment charged against the General Fund and HRA balances	17,551		13,026	
- Finance Lease Principal	1,023		72	
- Capital expenditure charged against the General Fund and HRA balances	26,865	146,180	22,736	90,937
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		400		(421)
Balance at 31 March		951,911		1,002,804

Notes to the Main Financial Statements

22B. REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). 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 and the gains are realised

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

	2024/25		2023/24 Restated	
	£'000	£'000	£'000	£'000
Balance at 1 April		698,005		649,730
Upward revaluation of assets				
- Land & Buildings	46,615		112,847	
- Council Dwellings	19,695		9,460	
- Community Assets	-		-	
- Heritage Assets	67		-	
- Surplus Assets	4,224		25,328	
- Assets Under Construction	-		-	
- Plant and Equipment	3,156	73,757	7,063	154,698
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services				
- Land & Buildings	(40,137)		(59,304)	
- Council Dwellings	(9,343)		(9,486)	
- Surplus Assets	(1,384)		(20,079)	
- Infrastructure	-		-	
- Heritage Assets	-		-	
- Assets Under Construction	(53)		-	
- Plant and Equipment	(19,972)	(70,889)	(1,132)	(90,001)
Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or (Deficit) on the Provision of Services		2,868		64,697
Difference between fair value depreciation and historical cost depreciation				
- Land & Buildings	(6,121)		(3,851)	
- Surplus Assets	(17)		(10)	
- Plant and Equipment	(1,297)		(4,723)	
- Council Dwellings	(2,345)	(9,780)	(2,407)	(10,991)
Accumulated gains on assets sold or scrapped				
- Land & Buildings	(159)		(4,704)	
- Surplus Assets	(3,749)		-	
- Plant and Equipment	-		-	
- Assets Held for sale	-		-	
- Council Dwellings	(1,110)		(727)	
- Assets Under Construction	-	(5,018)	-	(5,431)
Amount written off to the Capital Adjustment Account		(14,798)		(16,422)
Balance at 31 March		686,075		698,005

NB The 2023/24 figures have been restated to correct upward revaluations £25,328k on Surplus Assets – previously misaligned on Assets Under Construction in the above note.

Notes to the Main Financial Statements

23. CASH FLOW STATEMENT - OPERATING ACTIVITIES

	2024/25 £'000	2023/24 Restated £'000	2023/24 Adjustment £'000	2023/24 Original £'000
(Surplus)/Deficit on the provision of services	126,304	47,964	-	47,964
Depreciation and impairment of non-current assets	(184,447)	(74,257)	(421)	(73,836)
Amortisation of intangible fixed assets	(387)	(340)	-	(340)
REFFCUS		-	17,972	(17,972)
Pension Fund adjustments	493	(6,844)	-	(6,844)
(Increase)/Decrease in creditors	(15,784)	77,890	(42)	77,932
Increase/(Decrease) in debtors	(1,848)	(73,538)	1	(73,539)
Carrying amount of non-current assets sold	(7,980)	(17,545)	(6)	(17,539)
Recognition of Right of Use Leased Assets	5,500	-	-	-
(Increase)/Decrease in Investments	(1,552)	(2,069)	(2,069)	-
(Increase)/Decrease in Borrowing	(1,098)	(656)	(656)	-
Increase/(Decrease) in Provisions	(3,162)	1,068	4,009	(2,941)
Application of Capital Grants Received in Advance	21,285	(8,570)	(8,570)	-
Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	1	7	(2,885)	2,892
Total adjusting items	(188,979)	(104,854)	7,333	(112,187)
Adjustments for items included in the net Surplus or Deficit on the Provision of Services that are investing or financing activities				
Proceeds from the disposal of plant, property and equipment, investment property and intangible assets	21,073	24,312	-	24,312
Capital Grants and other contributions credited to Surplus or Deficit on the Provision of Services	77,322	39,077	-	39,077
Billing Authorities - Council Tax and NNDR adjustments	(9,264)	6,927	-	6,927
REFFCUS	(17,444)	(17,972)	(17,972)	-
Total included elsewhere on Cash Flow Statement	71,687	52,344	(17,972)	70,316
Net cash flows from operating activities	9,012	(4,546)	(10,639)	6,093

Interest received, interest paid and dividends received

	2024/25 £'000	2023/24 £'000
Interest paid	(15,856)	(10,057)
Interest received	3,094	4,012

24. CASH FLOW STATEMENT - INVESTING ACTIVITIES

	2024/25 £'000	2023/24 Restated £'000	2023/24 Adjustment £'000	2023/24 Original £'000
Cash Outflows				
Purchase of property, plant and equipment	241,221	103,389	-	103,389
Other payments for investing activities	17,444	17,972	-	17,972
	258,665	121,361	-	121,361
Cash Inflows				
Sale of property, plant and equipment	(21,073)	(24,312)	-	(24,312)
Capital grants received	(77,322)	(39,077)	-	(39,077)
Other receipts from investing activities	-	-	8,570	(8,570)
	(98,395)	(63,389)	8,570	(71,959)
Net Cash Outflow	160,270	57,972	8,570	49,402
Net Increase/(Decrease) in Short-Term Investments	38	(456)	-	(456)
Net Increase/(Decrease) in Long-Term Investments	575	-	2,069	(2,069)
Net cash flows from investing activities	160,883	57,516	10,639	46,877

Notes to the Main Financial Statements

25. CASH FLOW STATEMENT - FINANCING ACTIVITIES

Cash Outflows

Repayments of amounts borrowed

Capital element of finance lease rental and on-balance sheet PFI payments

Cash Inflows

New borrowing taken

Billing Authorities - Council Tax and NNDR adjustments

Net cash flows from financing activities

2024/25 £'000	2023/24 £'000
136,397	86,500
1,023	72
(298,000)	(119,000)
9,264	(6,927)
(151,316)	(39,355)

Reconciliation of Liabilities arising from Financing Activities

	Balance 31 March 2024 £'000	Financing Cash Flows £'000	Changes which are not financing cash flows		Balance 31 March 2025 £'000
			Acquisition £'000	Other non-financing cash flows £'000	
Short Term Borrowing	(102,797)	13,397	(25,524)	2,594	(112,330)
Long Term Borrowing	(246,273)	(175,000)	-	21,831	(399,442)
Short Term Leases & PFI	(590)	590	(957)	-	(957)
Deferred Liabilities Leases	(4,934)	433	(1,234)	957	(4,778)
Council Tax and NNDR Adjustments	(8,254)	9,264	-	-	1,010
Total	(362,848)	(151,316)	(27,715)	25,382	(516,496)

	Balance 31 March 2024 £'000	Financing Cash Flows £'000	Changes which are not financing cash flows		Balance 31 March 2025 £'000
			Acquisition £'000	Other non-financing cash flows £'000	
Short Term Borrowing	(83,201)	(2,500)	(18,799)	1,703	(102,797)
Long Term Borrowing	(232,713)	(30,000)	-	16,440	(246,273)
Short Term Lease & PFI	(72)	72	(30)	-	(30)
Deferred Liabilities Lease & PFI	(30)	-	-	30	-
Council Tax and NNDR Adjustments	(1,327)	(6,927)	-	-	(8,254)
Total	(317,343)	(39,355)	(18,829)	18,173	(357,354)

26. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by external auditors:

	2024/25 £'000	2023/24 £'000
Fees payable in regard to external audit services carried out by the appointed auditor	434	404
External audit services fee variation	104	9
Fees payable for the certification of grant claims and returns:		
Housing Benefit Subsidy	112	80
Teachers Pension	13	16
Capital Receipts Pooling	10	10
Total External Audit costs	673	519

In 2024/25 the external auditor for the Statement of Accounts is Ernst and Young (EY). The fee of £434k is the base fee scale for the 2024/25 audit published by the Public Sector Audit Appointments (PSAA). The fee variation of £104k relates to additional work required for the audit of the 2023/24 accounts.

Notes to the Main Financial Statements

EY are also the external auditor for the Housing Benefit subsidy and the fee of £112k is the final fee charged in 2024/25 for the 2022/23 subsidy audit completed this year.

In 2024/25 Grant Thornton were appointed as reporting accountants for the Teachers Pension and capital receipts pooling certifications. The fees paid in 2024/25 relate to work carried out this year in respect of the 2023/24 certifications.

27. PARKING REVENUE ACCOUNT

The Parking Revenue Account is maintained in accordance with section 55 of the Road Traffic Regulation Act 1984 which provides that a London Borough Council must keep an account of the income and expenditure in respect of parking places on the highway and sets out how any deficit must be treated and limitations on the use of any surplus.

	2024/25 £'000	2023/24 £'000
Income	(8,697)	(7,852)
Expenditure	4,914	4,523
(Surplus)/ Deficit	(3,783)	(3,329)
Allocation of Income from COVID-19 Funding	-	-
Allocation of income from EMR	-	(525)
Contribution to transport services	3,783	3,854
Total (Surplus)/ Deficit	-	-

28. MEMBER ALLOWANCES

The Council paid the following amounts to members during the year.

	2024/25 £'000	2023/24 £'000
Salaries & Allowances	1,272	1,275
Total	1,272	1,275

Further details on Members' allowances are available on the Council website.

Notes to the Main Financial Statements

29. POOLED BUDGETS

Better Care Fund Pooled Budget

The Better Care Fund (BCF) Pooled Budget was set up in 2015-16. It is a mandatory process through which Council and NHS North West London Integrate Care Board (ICB) budgets are pooled and then reallocated on the basis of an approved plan intended to achieve closer integration of health and social care activities. This is intended to lead to improved outcomes for residents. The BCF is also a route through which the Government targets funding to support the local health and care system.

The Council and the ICB are required to enter into an agreement under section 75 of the National Health Service Act, 2006 in order to give legal effect to the financial and partnership arrangements within the plan. The Authority and NWLICB have defined within the Section 75, confirmed funding levels required to operate these services and they are reviewed on an annual basis. Some schemes are demand led and partners make relevant contributions depending on the type of services being accessed. There is a compulsory contribution that each party must contribute but additional funds can also be pooled. In 2024-25 £58,483k additional contributions (£58,774k in 2023-24) were added to the Pooled Budget.

The focus of Hillingdon's 2024/25 Better Care Fund plan is improving care outcomes for older people, mental health and people with learning disabilities and/or autism. With a focus on prevention and early intervention rather than crisis management. Key outcomes include, for example, a reduction in admissions to hospital that are avoidable and also a reduction in permanent admissions to care homes.

All parties to the better care fund pooled budget agreement have joint control. The better care fund pooled budget is a joint arrangement solely for the purpose of working together, with no single body having power of control over the other parties to the agreement. Each partner then accounts for its share of income, expenditure, assets liabilities and cash flows in line with the agreement.

The table below sets out the allocation received by each party for inclusion in the Better Care Fund.

	2024/25			2023/24		
	NWL ICB £'000	LB Hillingdon £'000	Total £'000	NWL ICB £'000	LB Hillingdon £'000	Total £'000
BCF Grant	24,164	-	24,164	22,870	-	22,870
DFG Allocations	-	6,342	6,342	-	5,557	5,557
iBCF	-	7,468	7,468	-	7,468	7,468
Discharge Fund	2,591	1,745	4,336	1,265	1,047	2,312
Voluntary Contributions	3,097	55,386	58,483	5,524	53,250	58,774
	29,852	70,940	100,792	29,659	67,322	96,981

This funding was then pooled and split out between the partners as set out below:

	2024/25			2023/24		
	NWL ICB £'000	LB Hillingdon £'000	Total £'000	NWL ICB £'000	LB Hillingdon £'000	Total £'000
BCF Grant	15,352	8,812	24,164	14,532	8,338	22,870
DFG Allocations	-	6,342	6,342	-	5,557	5,557
iBCF	-	7,468	7,468	-	7,468	7,468
Discharge Fund	2,591	1,745	4,336	1,265	1,047	2,312
Voluntary Contributions	3,097	55,386	58,483	5,524	53,250	58,774
	21,040	79,752	100,792	21,321	75,660	96,981

Notes to the Main Financial Statements

30. RELATED PARTY TRANSACTIONS

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

Central Government

Central Government has 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, housing benefits). Grants received from government departments are set out in note 34.

London Housing Consortium

The Council, in partnership with other councils and housing associations, participates in the London Housing Consortium (LHC). The LHC provides specialist architectural services and bulk procurement arrangements for the public sector.

West London Waste Authority

West London Waste Authority is a statutory waste disposal authority created in 1986 with membership of the London Borough of Hillingdon and five other London Boroughs. It is primarily funded by a levy paid by each of the six participating councils. The amount contributed for 2024/25 is included under the heading Precepts and Levies below.

Hillingdon First Limited

The Council has set up a 100% wholly owned subsidiary named Hillingdon First Limited (HFL), to provide affordable housing to residents of Hillingdon and contribute towards local regeneration. As part of the agreement the Council has committed to lend up to £35m to HFL. Any loan advance is subject to the Capital Release process and each project undergoes democratic approval. The Council has invested £3.37m as equity shares in Hillingdon First Limited (HFL). Shares in HFL are not publicly traded so a market share is not readily available thus the fair value of the company has been independently determined to be £2.597m as at 31st March 2025 (£4.209m as at 31st March 2024) on the basis of future cash flows, business plan and the company's own accounts.

The Hillingdon Care Company (THCC)

The Council has set up a Special Purchase Vehicle (SPV) called The Hillingdon Care Company (THCC) to run and manage The Burroughs Care Home which is in the process of acquisition and for which a 10% deposit of £575k was paid in 2024/25. THCC was incorporated with Companies House on 23 January 2025 and was not operational as at 31 March 2025. It will become operational in 2025/26 following completion of the acquisition of the care home (completed in August 2025). A loan agreement between the Council and THCC was signed in 2025/26 comprising a secured 40 year annuity loan of £6,000k to THCC to fund the acquisition (£5,750k) and working capital (£250k) for The Burroughs Care Home.

The Pension Fund

The London Borough of Hillingdon Pension Fund is considered a related party. The employer's contribution to the Pension Fund in 2024/25 was £32,392k (£30,186k in 2023/24). The Council also recharged the Pension Fund £507k for staffing and overhead apportionment costs in 2024/25 (£483k in 2023/24). A precept of £349k was paid to the London Pension Fund Authority in 2024/25 (also £349k in 2023/24).

Notes to the Main Financial Statements

Members and Chief Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2024/25 is shown in note 28.

This note concerns the disclosure of additional information on transactions between the Council and its related parties. The purpose of the note is to demonstrate fairness and openness in the accounts. All councillors and relevant officers are required to complete declarations to meet the requirements of IAS 24 - Transactions with Related Parties. Disclosures of Interest have been made in respect of the following organisations: the payment amount will not necessarily be just in respect of grants but will be a total of transactions between the Council and the organisation during the year. There were no material outstanding balances at year-end.

2024/25		
Organisation	Name	Payments made as at 31st March 2025 (£)
London Councils	Councillor Jonathan Bianco, Councillor Ian Edwards, Councillor Martin Goddard, Councillor Eddie Lavery, Councillor Douglas Mills, Councillor Susan O'Brien, Councillor Jane Palmer, Councillor Ekta Gohil	497,089
Uxbridge Business Improvement District Ltd	Councillor Eddie Lavery	396,301
His Majesty's Prison And Probation Service	Councillor Jas Dhot	461,695
Bell Farm Christian Centre	Councillor Stuart Mathers	102,900
Local Government Association	Councillor Jonathan Bianco	63,492
Harlington Hospice Association	Councillor Kuldeep Lakhmana	26,000
Hillingdon Citizens Advice Bureau	Councillor Tony Burles	336,250
Our Parks	Councillor Richard Mills	24,944
Yiewsley Baptist Church	Councillor Stuart Mathers	24,166

Notes to the Main Financial Statements

2023/24		
Organisation	Name	Payments made as at 31st March 2024 (£)
London Councils	Councillor Jonathan Bianco, Councillor Ian Edwards, Councillor Martin Goddard, Councillor Eddie Lavery, Councillor Douglas Mills, Councillor Susan O'Brien, Councillor Jane Palmer, Councillor Ekta Gohil	711,307
Citizens Advice Hillingdon	Councillor Tony Burles	285,000
Uxbridge Business Improvement District Ltd	Councillor Eddie Lavery	175,560
Her Majesty's Prison And Probation Service	Councillor Jas Dhot	153,284
Bell Farm Christian Centre	Councillor Stuart Mathers	92,056
Local Government Association	Councillor Jonathan Bianco	63,456
Harlington Hospice Association	Councillor Kuldeep Lakhmana	46,129
Hillingdon Citizens Advice Bureau	Councillor Tony Burles	45,000
Ruislip & Northwood Old Folks Assoc	Councillor Becky Haggard, Councillor Eddie Lavery	30,000
Yiewsley Baptist Church	Councillor Stuart Mathers	26,219
Snowflakes Day Nursery & Montessori	Councillor Kamal Preet Kaur	19,460
Hillingdon Brain Tumour Group	Councillor Becky Haggard	15,000

Precepts/Levies

The following precepts and levies are considered related party transactions:

	2024/25 £'000	2023/24 £'000
Business Rate Retention - MHCLG	127,528	114,942
Business Rate Retention - GLA	142,985	128,874
Greater London Authority Precept	49,340	44,988
Greater London Authority Crossrail	11,951	12,830
West London Waste Authority Levy	13,794	12,708
TFL Concessionary Fares	7,230	5,016
Lee Valley Regional Park Authority	270	263
Environment Agency	249	245

Notes to the Main Financial Statements

31. OFFICER EMOLUMENTS

The number of employees in 2024/25 whose remuneration, excluding pension contributions, was £50k or more, are detailed below in bands of £5k. The bandings only include the remuneration of senior employees that have not been disclosed separately. The number of employees included in the totals that exceeded the £50k threshold due to lump sum termination payments are indicated in brackets. These employees left the employment of the Council during the financial year.

Remuneration Band	LBH EMPLOYEES				SCHOOL EMPLOYEES			
	2024/25 Total	2024/25 Due to Lump Sum	2023/24 Total	2023/24 Due to Lump Sum	2024/25 Total	2024/25 Due to Lump Sum	2023/24 Total	2023/24 Due to Lump Sum
£50,000 - £54,999	180	-	153	(3)	140	-	100	-
£55,000 - £59,999	123	-	114	(2)	85	-	70	-
£60,000 - £64,999	94	-	64	-	64	-	44	-
£65,000 - £69,999	48	(1)	45	(2)	31	-	25	-
£70,000 - £74,999	30	(1)	32	-	26	-	12	-
£75,000 - £79,999	14	(1)	15	(1)	17	-	16	-
£80,000 - £84,999	15	-	11	(1)	17	-	18	-
£85,000 - £89,999	6	-	7	-	18	(1)	8	(1)
£90,000 - £94,999	8	-	8	(1)	7	-	7	-
£95,000 - £99,999	6	-	7	(2)	4	(1)	5	(1)
£100,000 - £104,999	3	(1)	2	-	5	-	3	-
£105,000 - £109,999	4	-	4	-	1	-	2	-
£110,000 - £114,999	5	(1)	1	-	3	-	-	-
£115,000 - £119,999	2	-	3	(1)	1	-	2	-
£120,000 - £124,999	2	-	2	(1)	1	-	-	-
£125,000 - £129,999	-	-	1	(1)	-	-	-	-
£130,000 - £134,999	-	-	1	-	1	-	-	-
£135,000 - £139,999	-	-	-	-	1	-	1	-
	540	(5)	470	(15)	422	(2)	313	(2)

Disclosure of Remuneration for Senior Employees (Schools): -

Details of school employees in the above table earning over £100,000 during 2024/25 is listed below.

Job Title	Pensionable Pay 2024/25	Pensionable Pay 2023/24	Due to Lump Sum
Headteacher - Harlington School	£115,634	£109,657	
Headteacher - Yeading Infant School	£102,645	Below £100,000	
Headteacher - Deanesfield Primary School	£121,437	£115,055	
Headteacher - Meadow High School	£138,396	£135,410	
Deputy Headteacher - Meadow High School	Below £100,000	£100,964	
Headteacher - Oak Wood School	£131,812	£119,872	
Headteacher - Botwell House Catholic Primary	£113,261	£108,573	
Headteacher - Sacred Heart Catholic Primary	£109,117	£103,813	
Headteacher - Bishop Winington-Ingram CofE	£102,854	Below £100,000	
Headteacher - Highfield Primary School	£100,775	Below £100,000	
Business Manager - Frithwood Primary School	£100,813	Below £100,000	
Headteacher - Coleman Manor Primary School	£102,214	Below £100,000	
Headteacher - Lady Bankes Primary School	£110,318	£104,238	

Notes to the Main Financial Statements

Disclosure of Remuneration for Senior Employees (LBH): -

The following disclosure sets out remuneration for staff included in tiers 1 and 2 of the Council's management structure for 2024/25.

Group	Job Title		2024/25			
			Contracted Salary	Compensation for loss of employment	EER's pension Contributions	Total
	Chief Executive (T Zaman)		£227,103	-	£54,732	£281,835
	Corporate Director of Finance (R Ennis)	1	£235,456	-	-	£235,456
	Corporate Director of Central Services (D Kennedy)		£180,349	-	£43,464	£223,813
	Corporate Director of Children's Services (J Kelly)		£176,106	-	-	£176,106
	Corporate Director of Adult Social Care and Health (S Taylor)		£159,132	-	£38,351	£197,483
	Corporate Director of Place (K Whelan)	2	£149,056	-	£35,922	£184,978
	Chief Operating Officer (M Wallbridge)		£159,132	-	£38,351	£197,483
Leavers	Corporate Director of Finance (A Evans)	3	£135,657	£84,870	£13,636	£234,163

1. Employment started 01/08/2024

2. Employment started 10/06/2024

3. Employment ended 31/07/2024

The following disclosure sets out remuneration for staff included in tiers 1 and 2 of the Council's management structure for 2023/24.

Group	Job Title		2023/24			
			Contracted Salary	Compensation for loss of employment	EER's pension Contributions	Total
	Chief Executive (T Zaman)		£223,933	-	£53,968	£277,901
	Corporate Director of Finance (A Evans)		£171,671	-	£41,373	£213,044
	Corporate Director of Central Services (D Kennedy)		£175,950	-	£42,404	£218,354
	Corporate Director of Children's Services (J Kelly)		£172,043	-	£0	£172,043
	Corporate Director of Adult Social Care and Health (S Taylor)		£155,914	-	£37,575	£193,489
	Corporate Director of Place		£59,280	-	£0	£59,280
	Chief Digital and Information Officer		£103,500	-	£24,944	£128,444
Leavers	Corporate Director of Place (P Scott)	1	£142,627	-	£34,373	£177,000

1. Employment ended 05/01/2024

Notes to the Main Financial Statements

32. EXIT PACKAGES

The number of exit packages that have been agreed by the Council during the year are listed below. These packages include redundancy costs, pension strain costs, ex gratia payments and other departure costs. The Council does not award added years pension contributions, but pension strain is incurred where a pension is taken early without actuarial reduction and is a cost to the Council, not a direct payment to the employee. Exit packages for senior employees are disclosed in the remuneration of senior employees (note 31 above).

Exit package costs by banding which include special payments and pension strain costs of £372k

LBH EMPLOYEES						
Cost Band	2024/25 No. of LBH Employees with Exit Packages Number	Number of Compulsory Redundancies Number	Number of Other Departures Agreed Number	Total Exit Payments to Employees £'000	Pension Strain Costs £'000	Total Exit Package Cost £'000
£0 - £20,000	21	17	4	179	31	210
£20,001 - £40,000	2	2	-	56	-	56
£40,001 - £60,000	4	3	1	101	62	163
£60,001 - £80,000	3	3	-	47	120	167
£80,001 - £100,000	2	1	1	104	75	179
£100,001 - £150,000	1	1	-	48	83	131
Over £150,000	-	-	-	-	-	-
	33	27	6	535	372	907

LBH EMPLOYEES						
Cost Band	2023/24 No. of LBH Employees with Exit Packages Number	Number of Compulsory Redundancies Number	Number of Other Departures Agreed Number	Total Exit Payments to Employees £'000	Pension Strain Costs £'000	Total Exit Package Cost £'000
£0 - £20,000	16	15	1	190	6	197
£20,001 - £40,000	6	4	2	151	21	173
£40,001 - £60,000	6	5	1	192	112	304
£60,001 - £80,000	5	3	2	166	175	341
£80,001 - £100,000	5	3	2	187	282	469
£100,001 - £150,000	1	1	-	31	74	105
Over £150,000	2	1	1	117	300	417
	41	32	9	1,034	972	2,006

SCHOOL EMPLOYEES						
Cost Band	2024/25 No. of Schools Employees with Exit Packages Number	Number of Compulsory Redundancies Number	Number of Other Departures Agreed Number	Total Exit Payments to Employees £'000	Pension Strain Costs £'000	Total Exit Package Cost £'000
£20,000-£40,000	-	-	-	-	-	-
£40,001 - £60,000	1	-	1	51	-	51
	1	-	1	51	-	51

SCHOOL EMPLOYEES						
Cost Band	2023/24 No. of Schools Employees with Exit Packages Number	Number of Compulsory Redundancies Number	Number of Other Departures Agreed Number	Total Exit Payments to Employees £'000	Pension Strain Costs £'000	Total Exit Package Cost £'000
£0 - £20,000	7	5	2	63	-	63
£20,000-£40,000	4	1	3	80	35	115
	11	6	5	143	35	179

Notes to the Main Financial Statements

33. DEDICATED SCHOOLS GRANT

As at 31 March 2020 the Council held a negative Dedicated Schools Grant balance of £15.0m within the Earmarked Reserves, which has increased to £65.9m as at 31 March 2025. In November 2020 a statutory instrument came into effect amending the Local Authority (Capital Finance and Accounting) Regulations (2003 Regulations) by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits. This relates to deficits in local authority accounts from 1st April 2020 onwards. The Council must now not charge the deficit to a revenue account but instead record any such deficit in an account established solely for recording schools' deficits. The new account is the Dedicated Schools Grant Adjustment Account and sits within Unusable Reserves. The new practice has the effect of splitting schools budget deficits from the General Fund into a new dedicated ring-fenced reserve.

The Council's expenditure on schools is funded by grant monies provided by the Department for Education through the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budgets as defined in the School and Early Years Finance (England) Regulations 2014. The Schools Budget includes elements for a restricted range of services provided on a council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of the DSG receivable for 2024/25 are as follows:

Final DSG for 2024/25 before academy and high needs recoupment
Academy and high needs figure recouped for 2024/25
Total DSG after academy recoupment for 2024/25
Plus Brought-forward from 2023/24
Less Carry-forward to 2024/25 agreed in advance

Schools Budget Funded by Dedicated Schools Grant		
Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
		386,640
		(188,290)
		198,350
		-
		-

Agreed initial budgeted distribution in 2024/25
In year adjustments
Final budgeted distribution for 2024/25
Less actual central expenditure
Less actual ISB deployed to schools
Absorbed by Local Authority 2024/25
In-year carry-forward to 2025/26

46,718	151,632	198,350
3,072	(2,184)	889
49,790	149,449	199,239
65,103		65,103
	149,449	149,449
		-
(15,313)	-	(15,313)
		(50,582)
		(15,313)
		(65,896)
		(65,896)

Carry-forward to 2025/26
DSG unusable reserve at the end of 2023/24

Addition to DSG unusable reserve at the end of 2024/25

Total of DSG unusable reserve at the end of 2024/25

Net DSG position at the end of 2024/25

Notes to the Main Financial Statements

34. GRANT INCOME

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

REVENUE GRANT INCOME

	2024/25 £'000	2023/24 £'000
Revenue Grant Income Credited to Taxation and Non Specific Grant Income		
Section 31 Business Rates Grants	17,347	16,948
Revenue Support Grant	8,660	8,122
Services Grant	343	1,935
New Homes Bonus	541	1,494
Housing Benefit Administration Subsidy	1,026	1,040
Council Tax Support Hardship Award	9	466
Lower Tier Services Grant	396	396
UK Shared Prosperity Fund	279	297
Other	-	149
Local Reform & Community Voices Grant	163	-
Total Non-Specific Revenue Grants	28,764	30,847

Notes to the Main Financial Statements

Revenue Grant Income Credited to Services

Department for Education

Adoption and Special Guardianship Support Fund	63	-
Aim Higher	9	-
Core Schools Budget Grant	109	-
Dedicated Schools Grant	199,951	183,617
Pupil Premium	6,566	6,552
ESFA General Education Grants	3,913	4,733
EY Entitlement and Wraparound Care Programme	550	-
Meadow Special Day	-	3,478
Hedgewood Special	-	2,860
Universal Infant Free School Meals	2,502	2,445
Sixth Form & Adult Learning Grants	2,668	2,396
Section 31 Extended Personal Adviser Duty Implementation	398	-
Serious Youth Violence	10	-
Staying Close	811	-
Staying Put Implementation	933	-
Adult & Community Learning	2,026	1,836
Private Finance Initiative	1,112	1,778
ESFA Pay & Pension Grants	5,092	1,387
Holiday Activities & Food Grant	1,106	1,125
PE & Sports Grant	874	879
School Improvement Monitoring & Brokering Grant	63	123

Department for Levelling Up, Housing & Communities

Homelessness Prevention Grant	3,522	3,329
Rough Sleeping Initiative	2,640	2,517
Asylum Dispersal Grant	2,363	2,051
Homes for Ukraine	1,238	1,896
Troubled Families Grant	1,297	1,196
Criminal Justice Grant	1,261	591
Business Rates Cost of Collection Allowances	561	558
Ex-Offenders Grant	-	132
Redmond Review	50	63
COVID-19 Reopening the High Street Safely	10	15
UK Shared Prosperity Fund	1,359	-

Department of Health & Social Care

Public Health Grant	19,914	19,143
Adult Social Care Support Grant	20,578	15,607
Better Care Fund	9,125	8,340
Improved Better Care Fund	7,468	7,468
Adult Social Care Discharge	1,745	2,644
Market Sustainability & Fair Cost of Care	4,555	2,438
Skills for Care	204	-

Arts Council

Music Education Hub	448	448
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Department for Work and Pensions:

Housing Benefit Subsidy	76,138	86,748
COVID-19 Winter Grant Scheme	4,139	4,139
Discretionary Housing Payments	664	671

Home Office:

Funding for Unaccompanied Asylum Seeking Children	7,430	7,754
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GLA

MOPAC Grant	822	528
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Other

Other Grants	2,754	4,836
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Contributions

Other Contributions	31,974	24,642
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Total Grants Credited to Services

Total Revenue Grant Income

	2024/25 £'000	2023/24 £'000
	63	-
	9	-
	109	-
	199,951	183,617
	6,566	6,552
	3,913	4,733
	550	-
	-	3,478
	-	2,860
	2,502	2,445
	2,668	2,396
	398	-
	10	-
	811	-
	933	-
	2,026	1,836
	1,112	1,778
	5,092	1,387
	1,106	1,125
	874	879
	63	123
	3,522	3,329
	2,640	2,517
	2,363	2,051
	1,238	1,896
	1,297	1,196
	1,261	591
	561	558
	-	132
	50	63
	10	15
	1,359	-
	19,914	19,143
	20,578	15,607
	9,125	8,340
	7,468	7,468
	1,745	2,644
	4,555	2,438
	204	-
	448	448
	76,138	86,748
	4,139	4,139
	664	671
	7,430	7,754
	822	528
	2,754	4,836
	31,974	24,642
	431,015	410,961
	459,779	441,808

Notes to the Main Financial Statements

CAPITAL GRANT INCOME

Capital Grant Income credited to the Comprehensive Income and Expenditure Statement

	2024/25 £'000	2023/24 £'000
Disabled Facilities Grant	6,342	5,557
Education and Skills Funding Agency	14,466	12,013
Department for Energy Security and Net Zero	7,480	6,785
HS2	631	1,489
Greater London Authority	39,227	4,028
Ministry of Housing, Communities and Local Government	644	-
Transport for London	1,768	1,713
Total Capital Grant Income	70,558	31,585
Schools Capital Contributions	1,892	2,492
Department for Transport	638	168
S106 Contributions	2,999	743
Community Infrastructure Levy	694	2,562
Environment Agency	-	23
National Highways	5	132
National Lottery Heritage Fund	-	921
Lawn Tennis Association	107	62
Sports England	418	-
Network Rail	-	78
Other Capital Contributions	11	311
Total Capital Grants and Contributions Received	77,322	39,077

Of the capital grant income applied to the Comprehensive Income and Expenditure account within Taxation and Non-Specific Grant income, £66,147k was used to fund the Capital Programme and £11,175k was transferred to the Capital Grants Unapplied Reserve for future use.

GRANTS RECEIVED IN ADVANCE

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the awarding body should condition for use fail to be met. The balances at the year-end are as follows:

Capital Grant & Contribution Receipts in Advance

	2024/25 £'000	2023/24 £'000
ESFA & Other Capital Grants	16,353	28,087
Housing Capital Grants including Green initiatives	17,214	26,724
S106	27,185	27,226
Total Capital Grant & Contribution Receipts in Advance	60,752	82,037

Revenue Grant Receipts in Advance

	2024/25 £'000	2023/24 £'000
Home Office - Relocation & Assistance Scheme	1,571	-
MHCLG - Homes for Ukraine Scheme	1,850	-
Department for Education grants	1,008	782
Other	1,841	371
Total Revenue Grants Receipts in Advance	6,270	1,153

Notes to the Main Financial Statements

35. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2024/25 £'000	2023/24 £'000
Opening Capital Financing Requirement *	462,426	420,622
Capital investment		
Property, Plant and Equipment	230,422	96,862
Infrastructure Assets	12,423	11,067
Intangible Assets	2,132	539
Heritage Assets	87	800
Revenue Expenditure Funded from Capital under Statute	17,444	17,972
THCC care home acquisition - deposit	575	-
Leases:		
New Right of Use Assets	1,020	-
Sources of finance		
Capital receipts	(27,824)	(18,163)
Government grants and other contributions	(66,146)	(36,940)
Sums set aside from revenue:		
Direct revenue contributions	(26,866)	(22,736)
Minimum Revenue Provision (MRP) / loans fund principal	(17,551)	(17,864)
Previous Voluntary Revenue Provision released	-	4,839
Other Revenue Provision	(1,204)	(72)
Closing Capital Financing Requirement	586,938	456,926
Explanation of movements in year		
Increase/(Decrease) in underlying need to borrow :		
- unsupported by Government financial assistance	124,512	36,304
Increase/(Decrease) in Capital Financing Requirement	124,512	36,304

The Capital Financing Requirement (CFR) is a measure of the Council's underlying need to borrow for capital purposes. It does not represent the Council's actual borrowing which is determined following consideration of other balances such as reserves, provisions, working capital and timing differences of cash inflows and outflows.

*the opening CFR is restated to include £5,500k Right of Use leased assets recognised on transition to IFRS16 on 1st April 2024.

Notes to the Main Financial Statements

36. LEASES

In 2024/25, the Council applied IFRS 16, Leases, as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (ie those lease arrangements where the Council's judgment was that the arrangement did not transfer substantially all the risks and rewards of ownership of an asset and expenditure was recorded in the Comprehensive Income and Expenditure Statement each year) a. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that Right of Use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 without adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the authority's incremental borrowing rate at that date
- a single discount rate has been applied to portfolios of leases with reasonably similar characteristics
- the weighted average of the incremental borrowing rates used to discount liabilities was 4.81%
- Right of Use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024

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

- £4,865k Property, plant and equipment - land and buildings right of use assets
- £635k Property, plant and equipment – vehicles, plant and equipment right of use assets
- £5,494k Lease liabilities
- £6k Provisions for end of lease costs

The newly recognised lease liabilities of £5,494k compare with the operating lease commitments of £308k at 31 March 2024 disclosed in the notes to the 2023/24 financial statements. When these are discounted to their present value of £294k (using the incremental borrowing rate at 1 April 2024), there is a difference of £5,200k from the newly recognised lease liabilities. This is largely due to the identification of existing leases at the transition date that were not previously disclosed as operating leases including temporary accommodation property leases. Lease liabilities recognised post transition also exclude amounts for leases of low value items (below £10k) and leases that will expire before 31 March 2025.

Right-of-use assets recognised under leases are accounted for using the policies applied generally to Property, Plant and Equipment assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Notes to the Main Financial Statements

Council as Lessee

From 1 April 2024, IFRS 16 Leases (as adopted by the CIPFA Code of Practice on Local Authority Accounting) requires that the rights to use items acquired under all leases are recognised as assets on the Balance Sheet, together with a liability for the payments to be made for the acquisition.

Lease payments are apportioned between:

- a charge for the acquisition of the right to use the property, plant or equipment which is applied to write down the lease liability, and
- a finance charge which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The table below sets out the change in accounting arrangements on existing leased assets at the transition date from the former lease accounting standard IAS17 to IFRS16:

IAS 17 accounting					IFRS 16 accounting						
	Assets 31/03/2024	Liabilities 31/03/2024	Service cost 2024/25	Service income 2024/25	Assets 1/4/2024	Liabilities 1/4/2024	Service cost 2024/25	Service income 2024/25	Interest cost 2024/25	Interest income 2024/25	MRP 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Temporary accommodation leases	-	-	516	-	4,443	(4,443)	-	-	189	-	328
Other Operating leases	-	-	599	-	1,057	(1,051)	-	-	39	-	560
Total - transition	-	-	1,115	-	5,500	(5,494)	-	-	227	-	888
New leases	-	-	143	-	-	-	-	-	38	-	105
New head & sub-leases	-	-	35	(35)	-	-	10	(10)	4	(4)	-
Grand total	-	-	1,294	(35)	5,500	(5,494)	10	(10)	270	(4)	993

Notes to the Main Financial Statements

The difference on transition is set out in the following table

	Difference on transition							
	Assets 1/4/2024	Liabilities 1/4/2024	Provisions 1/4/2024	Service cost 2024/25	Service income 2024/25	Interest cost 2024/25	Interest income 2024/25	MRP 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Temporary accommodation leases	4,443	(4,443)	-	(516)	-	189	-	328
Other Operating leases	1,057	(1,051)	(6)	(599)	-	39	-	560
Total - transition	5,500	(5,494)	(6)	(1,115)	-	227	-	888
New leases	-	-	-	(143)	-	38	-	105
New head & sub-leases	-	-	-	(26)	26	4	(4)	-
Grand total	5,500	(5,494)	(6)	(1,284)	26	270	(4)	993

The right of use assets and associated lease liabilities and provisions at 1st April 2024 are recognised on the Council's Balance Sheet through an adjustment to opening balances.

Lease Liabilities Outstanding

The table below sets out lease liabilities outstanding following transition and including new leases commencing in 2024/25.

	Lease Liabilities outstanding under IFRS 16				Receivables
	Balance 31/03/2025	Balance 31/03/2026	Balance 31/03/2027	Balance 31/03/2028	Balance 31/03/2025
	£'000	£'000	£'000	£'000	£'000
Temporary accommodation leases	(4,115)	(3,795)	(3,448)	(3,083)	-
Other Operating leases	(491)	(73)	(12)	(4)	-
Total - transition	(4,607)	(3,869)	(3,460)	(3,087)	-
New leases	(904)	(763)	(680)	(593)	-
New head & sub-leases	(225)	(157)	(79)	(4)	225
Grand total	(5,735)	(4,789)	(4,219)	(3,684)	225

The Council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. Most are individually immaterial; however material leases include temporary accommodation leases at three sites to provide accommodation for homeless households. These comprise:

- four leases for up to 10 years for the use of 25 residential units of self-contained temporary accommodation at Great Central House, South Ruislip. Rents are fixed at £516k per annum in total for five years, rising to £620k per annum from 9th February 2029. This is reflected in the lease liability calculation.
- two leases for 17 flats in total at 163 Yiewsley High Street at a fixed total payment of £197k per annum. The existing lease arrangement ends in 2025/26 but may be extended.
- seven leases for up to 10-years for the use of seven self-contained homes for temporary accommodation in Longford, for homeless households. The initial headlease commenced in April 2024 and rent payable to the Landlord in year one of the lease is £16k per unit, a total of £112k across the seven properties. The headlease is subject to an annual increase in line with the Consumer Price Index (CPI) based on the value of the CPI for the month before the relevant annual review date.

Right of Use Assets

The table below shows the change in the value of right-of-use assets held under leases by the authority:

	Land and Buildings	Vehicles Plant and Equipment	Total
	£000s	£000s	£000s
Balance at 1 April 2024	4,865	635	5,500
Additions	902	118	1,020
Revaluations	-	-	-
Depreciation and Amortisation	(797)	(320)	(1,117)
Total	4,970	433	5,403

Notes to the Main Financial Statements

The balance of £5,403k as at 31 March 2025 is categorised as Right of Use assets on the Balance Sheet.

Transactions under leases

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

	2024/25 £'000
Comprehensive income and expenditure statement	
Interest expense on lease liabilities	279
Expense relating to short term leases	123
Expense relating to exempt leases of low value items	831
Income from subletting right of use assets	
Cash flow statement	
Cash outflow on leases	(161,603)

Maturity Analysis of Lease Liabilities and Receivables

	Lease liabilities		Lease receivables	
	Gross Undiscounted	Principal	Gross Undiscounted	Principal
Maturity analysis 31/03/2025	£'000	£'000	£'000	£'000
Within one year	1,204	957	75	65
1 to 2 years	771	569	75	68
2 to 5 years	2,125	1,629	96	92
5 to 10 years	2,824	2,580	-	-
10 to 20 years	-	-	-	-
20 to 40 years	-	-	-	-
Over 40 years	-	-	-	-
Total	6,923	5,735	245	225

Lease liabilities of £957k within one year are included in Short Term Creditors within the Balance Sheet and the lease liabilities totalling £4,778k greater than one year are included as Deferred Liabilities within the Balance Sheet.

Lease liabilities and lease receivables include matching liabilities and receivables of £225k in respect of the employee car lease scheme, where costs are fully recovered from the staff via salary sacrifice off payroll.

Short Term or Low Value Leases - Lessee - Outstanding Obligations on 31 March 2025

Where leases are for items of low value, or the lease term is less than 12 months from commencement, amounts paid under the lease are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased item. For this purpose, items with a value of less than £10k when new are considered low value.

	2024/25 £'000	2023/24 £'000
Within 1 year	783	122
2 - 5 years	730	186
Total future lease payments	1,513	308

Low value items operating lease obligations include commitments held by Hillingdon maintained schools as well as those held by the Council.

Notes to the Main Financial Statements

Council as Lessor

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

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

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

Lease Receivables

Within 1 year
2 - 5 years
More than 5 years
Total future lease payments receivable

2024/25 £'000	2023/24 £'000
762	1,034
2,329	2,671
7,305	7,726
10,396	11,431

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

Transactions under leases

The authority made the following gains and losses as a lessor during the year:

	2024/25 £'000	2023/24 £'00
Lease income	1,034	1,132

37. LONG TERM CONTRACTS AND PRIVATE FINANCE INITIATIVE

Private Finance Initiative (PFI)

In December 1998 the Council entered into a 25 year contract with a private sector partner, Jarvis (Barnhill) Limited, to build and provide facilities management at Barnhill Community High School under a private finance initiative (PFI) arrangement. The school opened in September 1999. In 2010 the parent company Jarvis PLC went into administration and management of the facility was transferred to Johnson Workplace Management Ltd without impacting the day to day operation of the school. In August 2013 Johnson Workplace Management Ltd were acquired by Bellrock Facilities Management who are now responsible for the management of the contract. The PFI contract has ended in September 2024. In 2024/25 the Council paid principal of £30k, interest of £9k and service charges of £2,321k.

In financial years prior to 2024/25 the Council acquired a private finance initiative (PFI) school under finance leases with the risks and rewards associated with ownership of such assets having transferred to the Council. Assets acquired under finance leases are carried as Property, Plant and Equipment in the Balance Sheet. Since the initial transfer, the PFI school moved to Academy status and the asset was removed from the balance sheet, with the liability being held by The Council. As the PFI ended during September 2024, there is no liability from 2025/26.

Plant, Property and Equipment Outstanding obligations on 31 March

Within 1 year (held in current liabilities)
2 - 5 years
Total costs payable in future years
Total future lease payments

Finance Lease Liabilities		Minimum Lease Payments	
2024/25 £000's	2023/24 £000's	2024/25 £000's	2023/24 £000's
-	30	-	39
-	-	-	-
-	-	-	30
-	30	-	39

Notes to the Main Financial Statements

38. CONTINGENT LIABILITIES AND ASSETS

In 2024/25 the Council settled two claims that were undergoing legal proceedings and at 31 March 2024 were previously reported as contingent liabilities. The total compensation paid was £240k. One further claim for £226k was scheduled for hearing at an employment tribunal. These claims are unrelated to each other.

The Council has around 150 special educational needs and disabilities (SEND) tribunals occurring up to July 2026. This is an independent national tribunal that decides appeals against local authority decisions about the special educational needs of children and young people. The outcome of the tribunals are highly uncertain, however this presents a significant financial risk to the high needs block within the DSG.

There are no contingent assets reported as at 31 March 2025.

39. EVENTS AFTER THE BALANCE SHEET DATE

Events taking place after the 31st March 2025 are not reflected in the financial statements or notes, unless they are of such importance that non-disclosure would affect the ability of users to make proper evaluations and decisions. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no events to report after the Balance Sheet date that deem adjustment in the accounts, although the Narrative Statement discloses that since the Balance Sheet date the Council has started discussions with MHCLG to obtain Exceptional Financial Support (EFS).

40. AGENCY

Collection of Mayoral CIL

The Community Infrastructure Levy (CIL) is a planning charge, introduced by the Planning Act 2008, as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. Following this, the Mayoral CIL (MCIL) was introduced to assist in financing Crossrail. The MCIL Levy was ratified on 29 February 2012 and applies to developments agreed after 1 April 2012. The levy is charged on most developments in Central London and is charged at £35 per square metre (MCIL1) or £60 per square metre (MCIL2) in Zone 2. Local planning authorities are responsible for collecting Mayoral CIL payments on behalf of the Mayor. The local planning authority is able to retain 4% of the levy to cover the costs of administration and collection. Contributions of £566k have been received this year and £544k has been paid over to the charging authority (Transport for London) with £22k retained by the Council to cover administrative expenses.

41. SUMMARY OF TREASURY MANAGEMENT POLICY

The Council defines its treasury management activities as:

“The management of the Council’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

The Council's underlying need to borrow for capital purposes is measured by reference to the Capital Financing Requirement which represents the cumulative capital expenditure of the Council that has not been financed from internal resources.

Notes to the Main Financial Statements

The Council's borrowing will be affordable, sustainable, and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations.

42. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Instruments - Risks

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

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

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

The main risks covered are:

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

Credit Risk: Treasury

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The Council manages credit risk by ensuring treasury investments are only placed with organisations of high credit quality as outlined in the Treasury Management Strategy. These include financial institutions with a minimum long term credit rating of A- (Fitch); A3 (Moody's); A- (S&P) for UK counterparties, A+ (Fitch); A1 (Moody's); A+ (S&P) for Overseas counterparties and AA+ (Fitch); Aa1 (Moody's); AA+ (S&P) for non-UK sovereigns, the UK government, other local authorities and organisations without credit ratings upon which the Council has received independent investment advice. The Treasury Management Strategy also sets maximum sums that can be invested with any financial institution. The Council also considers other information such as corporate developments, market sentiment towards investment counterparties and other sources of intelligence before making deposits.

Credit Rating Definitions

Long Term		Money Market Funds
AAA	Highest credit quality	Fitch: AAAMmf : Extremely strong capacity to achieve fund's investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk.
AA	Very high credit quality	
A	High credit quality	Moody's: Aaa Money Market Funds are judged to be of an investment quality similar to Aaa-rated fixed income obligations.
BBB	Good credit quality	
BB	Speculative	S&P: AAAM has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market and/or liquidity risks.
B	Highly speculative	
CCC	Default possibility	
CC	Default imminent	
D	Defaulted	

Notes to the Main Financial Statements

The table below summarises the credit risk exposures of the Council's treasury investment portfolio and other receivables by credit rating and remaining time to maturity, also identifying expected loss:

	31 March 2025				31 March 2024			
	Rating at 31 March 2025*	Long Term	Short Term	Expected Loss	Rating at 31 March 2024*	Long Term	Short Term	Expected Loss
		£'000	£'000	£'000		£'000	£'000	£'000
Credit Risk Exposures								
UK Banks:								
- Barclays Current Accounts	AA-	-	1,631	-	A+	-	1,632	-
- Handelsbanken Current Account	AA	-	-	-	AA-	-	-	-
- HSBC Current Accounts	AA-	-	20	-	A+	-	376	-
- Lloyds Current Accounts	AA-	-	10,241	-	A+	-	13,326	-
- Lloyds Short-Term Deposit	AA-	-	1,043	-	A+	-	1,005	-
- NatWest Current Accounts	A+	-	1,080	-	A	-	1,971	-
- Santander Current Accounts	A+	-	-	-	A	-	-	-
- PrePaid Financial	Unrated	-	1,039	-	Unrated	-	1,063	-
Sub Total		-	15,055	-		-	19,373	-
Investments where credit loss is not applicable								
Government & Local Authority Investments:								
- DMADF	AA-	-	14,302	N/A	AA-	-	28,522	N/A
- Cornwall Council	A+	-	-	N/A	A+	-	-	N/A
Money Market Funds	AAA**	-	-	N/A	AAA**	-	-	N/A
Pooled Funds (Long-Term)	Unrated	13	-	N/A	Unrated	14	-	N/A
Strategic Pooled Funds	Unrated	13,921	-	N/A	Unrated	13,931	-	N/A
Shares in Listed Companies (Long-Term)	Unrated	37	-	N/A	Unrated	35	-	N/A
Hillingdon First Limited	Unrated	2,597	-	N/A	Unrated	6,759	-	N/A
Cash Held By Council	N/A	-	17	N/A	N/A	-	20	N/A
Sub Total		16,569	14,319	-		20,739	28,542	-
Soft Loan	N/A	1,373	-	(6)	N/A	1,308	-	(4)
Trade Receivables - Simplified Approach		4	61,366	(18,474)		1,562	34,110	(15,413)
Sub Total		1,376	61,366	(18,480)		2,870	34,110	(15,417)
Total		17,945	90,740	(18,480)		23,609	82,025	(15,417)

*Ratings provided are the Fitch rating or lowest equivalent, ** All funds held with AAAmmf or equivalent ratings with at least one of the rating agencies

Notes to the Main Financial Statements

Loss Allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. Loss allowances as at 31 March 2025 and 31 March 2024 have been calculated on treasury investments held at amortised cost but are immaterial and therefore no impairments have been made.

Loss allowances on trade receivables are calculated using a simplified approach based on historic experience adjusted for current and forecast influences. Credit impairment assessments are carried out annually with the total balance sheet carrying amount being adjusted and the movement being allocated to the CIES accordingly.

The Council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract.

Borrowing

The policy on borrowing is to spread exposure between Public Works Loans Board (PWLB), local authorities and market sources. This enables the Council to avail itself of rescheduling facilities offered by PWLB and to obtain favourable rates, when offered by the market.

	31 March 2025				31 March 2024			
	PWLB	Market	Temporary Local Authorities	Total	PWLB	Market	Temporary Local Authorities	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Nominal Value	377,480	48,000	92,000	517,480	239,171	48,000	69,000	356,171
Premium	(9,346)	-	-	(9,346)	(9,409)	-	11	(9,398)
Accrued Interest	2,051	607	981	3,639	705	607	987	2,299
Amortised Value	370,185	48,607	92,981	511,773	230,466	48,607	69,998	349,072

Liquidity Risk

Liquidity risk is the risk that cash will not be available when it is required. This can jeopardise the ability of the Council to carry out its daily functions or disrupt these from being carried out in the most cost-effective manner. To prevent or minimise this risk, the Council has a comprehensive cash flow management process that seeks to ensure that cash is available as needed. The Council holds as a minimum £10m of liquid financial assets that can be withdrawn at short notice if required to meet cash outflows on financial liabilities. If unexpected movements occur, the Council has ready access to borrowings from money markets and the PWLB. There is no significant risk that the Council will be unable to raise finance to meet its commitments.

Instead, the risk to which the Council is exposed is when loans or other forms of capital financing mature, they cannot be refinanced where necessary on terms that reflect the assumptions made in formulating revenue and capital budgets. The policy on debt redemption is to maintain a fairly stable fall out of debt required to be refinanced each year. To achieve this, targets are set within the Treasury Management Strategy which limit the maximum amount of debt maturities within specific time periods. This spreads the risk of interest rate exposure so all debt is not subject to renewal at the same time. The maturity analysis of financial liabilities is as follows:

		31 March 2025			31 March 2024		
	Limit for Debt Maturity	Actual % Debt Maturity	Principal Repayment £'000	Principal and Interest Repayments £'000	Actual % Debt Maturity	Principal Repayment £'000	Principal and Interest Repayments £'000
Less than 1 year	50%	21.9%	112,330	127,341	28.9%	103,477	117,243
Between 1 and less than 2 years	50%	22.5%	115,349	134,306	9.0%	32,167	40,206
Between 2 and less than 5 years	50%	12.8%	65,593	100,041	11.6%	41,500	62,055
Between 5 and less than 10 years	100%	12.7%	64,846	101,764	13.7%	49,167	77,858
Between 10 and less than 20 years	100%	17.2%	88,008	127,259	15.5%	55,571	96,191
Between 20 and less than 30 years	100%	1.6%	8,393	38,961	1.4%	5,000	40,523
Between 30 and less than 40 years	100%	4.9%	25,254	46,870	6.6%	14,191	37,093
Between 40 and less than 50 years	100%	4.5%	23,000	29,104	10.9%	39,000	45,210
Over 50 years	100%	1.8%	9,000	9,671	2.5%	9,000	9,671
Total		100.0%	511,773	715,317	100.0%	349,072	526,050

Notes to the Main Financial Statements

In addition to debt that falls out naturally in any year, the Council can choose to redeem debt early as part of its overall debt management policy. This assists in restructuring the Council's debt portfolio and although in the short term a premium charge may be incurred, longer term finance costs may be significantly reduced. LOBO loans have been included at their final maturity date.

Interest Rate Risk

The Council is exposed to risks arising from movements in interest rates. To manage interest rate risk the Council will aim to balance variable rate debt with its exposure to variable rate investments. This approach will offset any increase or decrease in borrowing costs with comparable changes in investment income. The Council is required to set an indicator to control the Council's exposure to interest rate risk. The interest rate risk indicator Limit Upper limit on one-year revenue impact of a 1% rise in interest rates is £1.0m; Upper limit on one-year revenue impact of a 1% fall in interest rates is (£1.0m). The impact of a change in interest rates is calculated both on the assumption that fixed-rate maturing loans and investments will be replaced at their existing fixed rates and with a forecast maximum variable rate net investment and debt position of £100m.

Movements in interest rates can impact the Council in several ways. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates and pooled funds – the fair value of the assets will fall

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

If interest rates had been 1% higher (based on 2024/25 balances and with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	773
Increase in interest receivable on variable rate investments	(283)
Decrease in fair value of investments held at FVPL charged against provision of services	690
Impact on Surplus or Deficit on the Provision of Services	1,180
Share of overall impact credited to the HRA	3,791
Decrease in fair value of investments held at FVOCI	-
Impact on Other Comprehensive Income and Expenditure	-
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(23,904)

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. The fair value assumptions are based on the same methodology as used in the "Fair Value" disclosure note.

Price Risk

The Council has a small historic holding of £50k classified as shares in listed companies. Based on the holding value at 31 March 2025 a 5% fall in share prices would result in a £3k charge to the Income and Expenditure Account. The Council's investment in pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's exposure to equities within its £15m strategic pooled funds being diluted as the investments are in diverse asset classes

Notes to the Main Financial Statements

also including bonds. Based on the holding value at 31 March 2025 a 5% fall in share prices would result in transfer of £20k to Pooled Investment Fund Adjustment Account.

The market prices of the Council's units in pooled funds are governed by prevailing interest rates and the market risk associated with these instruments which is managed alongside interest rate risk.

Foreign Exchange Risk

All the financial assets and liabilities are denominated in GBP and thus have no exposure to loss arising from movements in exchange rates.

Financial Liabilities

The majority of borrowing made by the Council is sourced from the PWLB (£377,480k nominal value at 31 March 2025 all at fixed rates). Borrowing at fixed rates enables the Council to enjoy stability of costs in future years and helps improve budgetary processes. Fixed rates protect the Council from interest rate increases but in contrast exposes it to opportunity costs should rates fall. Borrowing at variable rates currently allows the Council to source debt at levels which are considerably lower than fixed rate debt. Sourcing debt from the PWLB allows the Council to reschedule or prematurely redeem debt and the portfolio is continually monitored to take advantage of opportunities that may present themselves periodically to reduce overall costs.

A total of £36,000k debt (nominal value) is held in "Lenders Option Borrowers Option" (LOBO) market loans. These have been set to provide varying periods of fixed rate ranges with subsequent options for the lender to change this rate on agreed dates. In 2025/26 two loans totalling £10,000k are scheduled for rate change options. In addition, the Council held £12,000k of fixed-rate market loans and £92,000k of Local Authority to Local Authority borrowing.

Although internal borrowing continued to be utilised during the year, external borrowing was also required during 2024/25 to ensure liquidity was maintained and finance significant capital expenditure. The total loan portfolio increased by £32,500k resulting in a total nominal balance at year-end of £517,480k.

Financial Assets

The Council had a weighted average balance of investments for 2024/25 of £62,620k including £15,000k in strategic pooled funds. Throughout the year deposits were placed in instant access accounts, pooled funds and in fixed-term deposits with varying maturity periods. This approach aimed to match investment maturities with expected expenditure and so spread interest rate risk. At year-end there were no deposits with maturities extending beyond one year and therefore all instruments are classified as variable.

In 2019/20 the Council made a long-term cash investment of £3,371k in shares in the subsidiary Hillingdon First. The objective of Hillingdon First Limited is to deliver a financial return to the Council and provide housing and or a commercial unit for sale or rent. It will achieve this by the generating of long-term sustainable revenue streams through the delivery of high-quality housing to meet the needs of Hillingdon's residents. The fair value of the investment is currently £2,597k.

The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. While one of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. To limit these risks, upper limits on the sums invested in each category have been set in Table 1 below. Furthermore, the Council is protected against any loss through a charge over the assets of Hillingdon First Ltd.

Table 1 - Loans & Shares for Service Purposes

Hillingdon First Ltd	2023/24 Approved Limit £m
Loans	0-35
Shares	0-50
TOTAL	50

Notes to the Main Financial Statements

43. PENSION SCHEMES

Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits that include retirement pensions, dependent pensions, death grants and lump sum payments. Although these benefits will not actually be payable until employees retire, the Council's commitment to make future payments needs to be disclosed as the future entitlement is earned.

The Council participates in four defined benefit pension schemes; two funds of the Local Government Pension Scheme (LGPS), the Teachers' Pension Scheme and the NHS Pension Scheme. Accounting for the Teachers' Pension Scheme and NHS scheme varies from that of the LGPS and is expanded upon further within this note.

LGPS

The two LGPS scheme funds are:

- London Borough of Hillingdon (LBH) Pension Fund of the LGPS for employees, administered locally by the Council.
- London Pension Fund Authority (LPFA) Pension Fund of the LGPS, which is a closed arrangement for former employees administered by the London Pension Fund Authority.

For the London Borough of Hillingdon LGPS, contributions are made at a level intended to balance the pensions liabilities with investment assets. The adequacy of the funds' contributions and investments to resource future liabilities is reviewed tri-annually by actuaries appointed by the Council. Contribution rates are then set to meet the overall liabilities of the fund under Pension Fund Regulations.

Employees contributed at variable rates between 5.5% and 12.5% of pensionable salary. The employer's contribution rate set for 2024/25 is 24.1% with any pension strain costs being directly attributable to the service area, as was the case in 2023/24.

The London Pension Fund Authority (LPFA) Pension Scheme has been combined with London Borough of Hillingdon Pension Fund in the figures within this note as it is a closed non-contributing fund for a number of former employees.

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme. This fund is administered by the Department for Education and provides teachers with defined benefits upon their retirement. The Council contributes towards the pensions by making payments to the fund based on a percentage of members' pensionable salaries. The employer's contribution rate for 2024/25 was 28.68% (the rate in 2023/24 was 23.68%). The total contribution to the fund by the Council in 2024/25 was £11,919k (£11,968k in 2023/24), of this amount £123,383.29k (Oakwood School) was outstanding on 31 March 2025 (£1,055k on 31 March 2024).

The Teachers' Pension Scheme is a defined benefit scheme. Although the scheme is unfunded, a notional fund is used as a basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted on the same basis as a defined contribution scheme. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teacher's scheme. There was £349k paid in respect of on-going early retirement payments in 2024/25 (£342k in 2023/24).

NHS Pension Scheme

The Health and Social Care Act 2012 made provision for the transfer of public health services and staff from primary care trusts (PCTs) to local authorities. As a result of this transfer, the Council is responsible for deduction of pension contributions, both employees and employers from transferred staff. These contributions are forwarded on directly to the National Health Service Pension Scheme. The National Health Service Pension Scheme is unfunded and administered by National Health Service Business Services Authority (NHSBSA). It is not possible for the Council to

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identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted on the same basis as a defined contribution scheme. The pension cost charged to the accounts is the contribution rate set by the NHSBSA. In 2024/25 the Council paid a total of £13.6k (£15.2k in 2023/24) to the NHS Pension Scheme, representing 14.38% of pensionable pay. The Department of Health and Social Care's transitional arrangement for the increase of employer contributions continued in 2024/25. This means that in 2024/25 all employers continued to pay 14.38% in employer contributions including 0.08% for the scheme administrator charge under the normal monthly payment process to the NHS Pension Scheme.

Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	LBH Pension Fund		LPFA Pension Fund		Total	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Cost of Services						
Current Service Cost	26,012	25,985	-	-	26,012	25,985
Past Service Costs (Including curtailments)	444	1,246	-	-	444	1,246
(Gain)/Loss Settlements	-	-	-	-	-	-
Administration Expenses	933	734	-	-	933	734
Financing and Investment Income and Expenditure:	-	-	-	-	-	-
Net Interest Expense	8,452	12,148	112	106	8,564	12,254
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	35,841	40,113	112	106	35,953	40,219
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement						
Remeasurement of the net defined benefit liability comprising:						
Return on plan assets (excluding the amount included in the net interest expense)	2,846	(64,864)	(30)	27	2,816	(64,837)
Actuarial gains and losses arising on changes in financial assumptions	(187,338)	(54,686)	(62)	24	(187,400)	(54,662)
Other	(15,830)	35,062	(33)	-	(15,863)	35,062
Effect of Asset Ceiling	140,725	-	-	-	140,725	-
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(59,597)	(84,488)	(125)	51	(59,722)	(84,437)
Movement in Reserves Statement						
	602	(6,741)	(109)	(103)	493	(6,844)
Actual amount charged against the General Fund						
Balance for pensions in the year:						
Employer's contributions payable to scheme	(34,292)	(31,303)	-	-	(34,292)	(31,303)
Contributions in respect of unfunded benefits	(2,151)	(2,069)	(3)	(3)	(2,154)	(2,072)
Total Employers Contributions Payable to Scheme	(36,443)	(33,372)	(3)	(3)	(36,446)	(33,375)

Inclusive of the asset ceiling adjustment the Comprehensive Income and Expenditure Statement reports an actuarial gain of £59,722k in 2024/25 (£84,437k actuarial gain in 2023/24). Any impact of foreign exchange rates will come through as a result of market value movements in asset holdings.

The actuary estimates that the Council will make payments of £33,821k in respect of contributions to the LBH Pension Fund during the financial year 2025/26.

When the calculation results in an asset for the Council, the asset must be recognised at the lower of that asset and the asset ceiling, which is calculated as the net present value of future service costs less net present value of future contributions over the future working lifetime. Where the asset ceiling is the lower, an adjustment is required and is included as a remeasurement. The effect of the asset ceiling is to place a restriction on the amount of surplus which can be recognised. A surplus should only be recognised to the extent that the employer is able to recover the surplus either through reduced contributions in the future, or through refunds. The "surplus" will only be recovered through

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reduced contributions in the future as the LGPS is not closed to new members and also the Council will continue to make contributions indefinitely.

44. PENSION SCHEMES BALANCE SHEET DISCLOSURES

Reconciliation of present value of scheme liabilities

	LBH Pension Fund		LPFA Pension Fund		Total	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Benefit Obligation	1,246,314	1,230,520	1,746	1,893	1,248,060	1,232,413
Current Service Cost	26,012	25,985	-	-	26,012	25,985
Administration Expenses	933	734	-	-	933	734
Interest on defined liability	59,319	57,921	77	85	59,396	58,006
Contributions by Members	9,258	8,316	-	-	9,258	8,316
Remeasurement (gains) and losses:						
- Actuarial (gains)/losses arising from changes in financial assumptions	(187,338)	(54,686)	(62)	24	(187,400)	(54,662)
- Other	(15,830)	35,062	(33)	-	(15,863)	35,062
Past Service Cost including Curtailments	444	1,246	-	-	444	1,246
Liabilities Extinguished on Settlements	-	-	-	-	-	-
Estimated Unfunded Benefits Paid	(2,151)	(2,069)	(3)	(3)	(2,154)	(2,072)
Estimated Benefits Paid	(53,984)	(56,715)	(228)	(253)	(54,212)	(56,968)
Effect of Asset Ceiling	140,725	-	-	-	140,725	-
Closing Defined Benefit Obligation	1,223,702	1,246,314	1,497	1,746	1,225,199	1,248,060

Reconciliation of fair value of scheme assets

	LBH Pension Fund		LPFA Pension Fund		Total	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Fair Value of Employer Assets	1,065,630	972,089	(622)	(321)	1,065,008	971,768
Interest Income on Plan Assets	50,867	45,773	(35)	(21)	50,832	45,752
Contributions by Members	9,258	8,316	-	-	9,258	8,316
Contributions by the Employer	34,292	31,303	-	-	34,292	31,303
Contributions in respect of Unfunded Benefits	2,151	2,069	3	3	2,154	2,072
Remeasurement (gains) and losses:						
- The return on plan assets, excluding the amount in the net interest expense	(2,846)	64,864	30	(27)	(2,816)	64,837
Assets Distributed on Settlements	-	-	-	-	-	-
Estimated Unfunded Benefits Paid	(2,151)	(2,069)	-	-	(2,151)	(2,069)
Estimated Benefits Paid	(53,984)	(56,715)	(231)	(256)	(54,215)	(56,971)
Closing Fair Value of Employer Assets	1,103,217	1,065,630	(855)	(622)	1,102,362	1,065,008

Administration costs are included within liabilities for the LBH Pension Fund and within assets for the LPFA Pension Fund as determined by the respective actuaries.

The LBH return on scheme assets is based on actual fund returns as provided by the administering authority at 4.5%.

The LPFA return is based on investment returns and market returns estimated where necessary.

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Pension Scheme assets comprised

	LBH Pension Fund				LPFA Pension Fund				Total	
	Quoted in Active Markets (Level 1) 24/25	Not Quoted in Active Markets (Level 2&3) 24/25	Quoted in Active Markets (Level 1) 23/24	Not Quoted in Active Markets (Level 2&3) 23/24	Quoted in Active Markets (Level 1) 24/25	Not Quoted in Active Markets (Level 2&3) 24/25	Quoted in Active Markets (Level 1) 23/24	Not Quoted in Active Markets (Level 2&3) 23/24	31 March 2025	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Equity Instruments										
Consumer	-	-	-	-	(105)	-	(84)	-	(105)	(84)
Manufacturing	-	-	-	-	(97)	-	(65)	-	(97)	(65)
Energy & Utilities	-	-	-	-	(10)	-	(6)	-	(10)	(6)
Financial Institutions	-	-	-	-	(68)	-	(44)	-	(68)	(44)
Health & Care	-	-	-	-	(34)	-	(22)	-	(34)	(22)
Information Technology	-	-	-	-	(146)	-	(94)	-	(146)	(94)
Other	23	-	23	-	(9)	-	(7)	-	14	16
Debt Securities										
Other	-	-	-	-	(35)	-	(21)	-	(35)	(21)
Private Equity	-	4,178	-	4,293	-	(49)	-	(43)	4,129	4,250
Real Estate	-	116,082	-	113,378	-	(75)	-	(58)	116,007	113,320
Investment Funds & Unit Trusts										
Equities	627,792	-	601,678	-	-	-	-	-	627,792	601,678
Bonds	183,284	37,659	183,546	36,676	-	-	-	-	220,943	220,222
Infrastructure	-	52,478	-	49,374	-	(93)	-	(72)	52,385	49,302
Other	-	72,109	-	69,949	-	-	-	-	72,109	69,949
Target Returns	-	-	-	-	-	(117)	(22)	(75)	(117)	(97)
Cash & Cash Equivalents	-	9,613	6,713	-	(17)	-	(9)	-	9,596	6,704
	811,099	292,118	791,960	273,670	(521)	(334)	(374)	(248)	1,102,363	1,065,008

LBH allocation between quoted and not-quoted investments reflects the fair value hierarchy shown in the Pension Fund Accounts.

Pensions Assets and Liabilities recognised in the Balance Sheet

	2024/25 £'000	2023/24 £'000	2022/23 £'000	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000
Present value of liabilities:							
LBH	(1,223,702)	(1,246,314)	(1,230,520)	(1,658,268)	(1,716,627)	(1,353,063)	(1,518,557)
LPFA	(1,497)	(1,746)	(1,893)	(2,312)	(2,607)	(2,711)	(3,567)
	(1,225,199)	(1,248,060)	(1,232,413)	(1,660,580)	(1,719,234)	(1,355,774)	(1,522,124)
Fair Value of Assets:							
LBH	1,103,217	1,065,630	972,089	1,044,447	979,636	837,351	904,602
LPFA	(855)	(622)	(321)	(68)	209	457	832
	1,102,362	1,065,008	971,768	1,044,379	979,845	837,808	905,434
Deficit in the scheme:							
LBH	(120,485)	(180,684)	(258,431)	(613,821)	(736,991)	(515,712)	(613,955)
LPFA	(2,352)	(2,368)	(2,214)	(2,380)	(2,398)	(2,254)	(2,735)
Total	(122,837)	(183,052)	(260,645)	(616,201)	(739,389)	(517,966)	(616,690)

Defined Benefit Pension Asset - Recognition and Measurement:

Hymans Robertson, the actuary to the London Borough of Hillingdon Pension Fund, has valued the Council's pension fund at 31 March 2025 as a surplus meaning that the Council holds a pension asset rather than a liability. IAS19 states that where an entity has a surplus in a defined benefit pension plan, then it should measure the net defined benefit of the assets at the lower of:

- the surplus identified in the plan, or
- the asset ceiling

Hymans Robertson LLP as appointed actuary has carried out the asset ceiling calculation for the 2024/25 accounts on the following basis:

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Net present value of (employer) future service costs over the future working lifetime **less**

Net present value of (employer) future contributions over the future working lifetime

Applying the credit ceiling adjustment to the accounts has resulted in the overall net pension scheme position moving from a net pension asset to a net pension liability of £120.485 million. The liabilities show the underlying commitments that the Council has in the long term to pay retirement benefits. The total liability of £1,084m plus the effect of the asset ceiling £140.7m is offset by the scheme assets of £1,102m to give the net pension liability of £122.8m as disclosed on the Balance Sheet.

Calculation of the pension asset ceiling

Under International Accounting Standard 19 (IAS19) Employee Benefits, if the council's funded defined benefit obligation becomes an asset, then the amount that can be recognised in the accounts is restricted to the amount of the pension asset ceiling. The pension asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. This recognises that any asset arising at the date of the balance will most likely lead to a refund to the employer, or reduced contributions for a period of time.

The accounts must recognise the lower of the pension asset ceiling or the net defined benefit asset. The pension asset ceiling is calculated by working out the difference between the net present value of employer's future service costs and the net present value of future employer's contributions. If the net present value of future service costs is less than the net present value of future contributions, then the asset ceiling is set at £0.

Furthermore, under IAS19, the International Financial Reporting Interpretations Committee (IFRIC 14) requires an additional liability to be recognised where agreed past service contributions would give rise to a future surplus and not be available after they are paid (that is, available as a refund or reduction in future contributions).

The council's actuaries have carried out the necessary calculations to determine what the funded liability amounts to and for 2024 to 2025 the value is £100.4 million. The pension liability including unfunded obligations is £120.4m.

Economic benefit available as a reduction in future contributions

Net present value of employer future service costs over future working lifetime
 Net present value of future employer contributions
 Asset Ceiling (economic benefit available as a reduction in future contributions)

31 March 2025 £'000
799,155
1,112,829
-

As the net present value of future employer contributions is greater than the net present value of employer future service costs, the economic benefit available as a reduction in future contributions is floored at £0. The asset ceiling is therefore £0.

Changes in the effect of limiting the net defined benefit asset to the Asset Ceiling

Net pension asset
 Economic benefit available as a reduction in future contributions
 Expected net asset once agreed past service contributions are paid
Net liability
 Plus unfunded liabilities
Total net liability

31 March 2025 £'000
40,329
-
(140,725)
(100,396)
(20,089)
(120,485)

In order to reduce the overall pension asset to the value of the pension asset ceiling, it is necessary to reflect a charge against the accounts. This charge appears in the Comprehensive Income and Expenditure Statement and is included under Other Comprehensive Income and Expenditure in the actuarial (gains) or losses on pension assets and liabilities.

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In 2024/25 the Council's funded defined benefit obligation was a net liability, therefore there was no effect of the asset ceiling applicable.

45. PENSION SCHEMES BASIS OF ESTIMATION

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The scheme liabilities for both LBH and LPFA have been assessed by their appointed actuary, estimates for the LBH scheme being based on the latest full valuation of the scheme as at 31 March 2022. The appointed actuary for LBH is Hymans Robertson LLP and for LPFA is Barnett Waddingham.

	LBH Pension Fund		LPFA Pension Fund	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
<u>Financial Assumptions: (%)</u>				
Pension Increase Rate	2.80%	2.80%	2.90%	2.95%
Salary Increase Rate	3.30%	3.30%	3.90%	3.95%
Discount Rate	5.80%	4.80%	5.40%	4.70%
<u>Mortality Assumptions:</u>				
Longevity at 65 for current pensioners:				
- Men	22	22	21	22
- Women	24	25	25	25
Longevity at 65 for future pensioners:				
- Men	22	23	23	23
- Women	26	26	26	26
Take-up of option to convert annual pension to tax free lump sum pre-April 2008	55%	55%	50%	50%
Take-up of option to convert annual pension to tax free lump sum post-April 2008	55%	55%	0%	0%

Sensitivity Analysis

The estimation of the defined benefit obligation is sensitive to principal actuarial assumptions used to measure the scheme. The sensitivity analyses below have been based on possible changes to principal assumptions occurring at the end of the reporting period and assumes all other assumptions remain constant. For example, the assumptions in longevity assume that life expectancy increases or decreases. The estimations on sensitivity analysis have followed the accounting policies of the scheme. The methods and types of estimations in sensitivity analysis have not changed from those in the previous period. Life expectancy is based on the Fund's Vita Curves with improvements in line with the Continuous Mortality Investigation (CMI) 2023 model

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Changes in Assumptions as at 31 March 2025

0.1% Decrease in Real Discount Rate
1 Year Increase in Member Life Expectancy
0.1% Increase in the Salary Increase Rate
0.1% Increase in the Pension Increase Rate

LBH Pension Fund		LPFA Pension Fund	
% Increase to Employer Liability	Increase to Employer Liability £'000	% Increase to Employer Liability	Increase to Employer Liability £'000
2%	17,256	1%	8
4%	43,319	15%	229
0%	523	0%	-
2%	17,212	-1%	(8)

*The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, the estimate that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 4%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption.

IAS19 remeasurements of plan amendments, curtailments and settlements

On 7 February 2018, the IASB issued amendments to IAS19 on accounting for plan amendments, curtailments and settlements ('events'). As set out in IAS19 and CIPFA guidance, it is the actuaries understanding that where an event is considered 'significant', the profit and loss account should be remeasured at the date of the event.

Where the event is not deemed to be significant, the actuary has not remeasured the profit and loss account in this year's disclosures. In the absence of any instruction or statutory guidance, the actuary has measured significance based on 5% of active membership being affected by any event. If an alternative measure of significance were to apply, changes may be required to our calculations and disclosures, however the closing balance sheet position would remain unchanged. Analysis by the actuary shows there were no significant events for 2024/25.

Scheme and Impact on the Authorities cash flows

The LBH Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of the Council. Policy is determined in accordance with the Pension Fund Regulations. The principal risks to the Council in relation to the scheme are the sensitivity of contribution rates to changes in assumptions, investment risk and regulatory risk. These risks are mitigated to an extent by the statutory requirements to charge amounts required by statute as described in the accounting policies note.

The objectives of the LBH LGPS Pension fund are to keep employer's contributions at a rate, which is as constant as possible. The Council's Pension Fund undergoes a triennial valuation to set the contribution rates of all the employers in the scheme to give a greater than 50% chance of achieving a funding level of 100% within the next 20 years. The current contribution rate was set over the last triennial valuation period ending March 2022 to cover contribution rates of the Council for three years from April 2023. Contributions are set for three years to minimise disruption in cash flow impacts of the Council.

The weighted average duration of the defined benefit obligation for Council scheme members is 16 years as established in the triennial valuation dated 31 March 2022.

Further information about the LBH pension Fund can be seen in the Pension Fund accounts and in the Pension Fund annual report.

46. Assumptions Made About Future and Other Major Sources of Estimation Uncertainty

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

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The items in the Council's Balance Sheet as at 31 March 2025 for which there is significant risks of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the levels of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>Assets are subject to a 5-year rolling valuation and assumptions are made by the specialist valuer regarding market indicators and other data available to assess an asset's value. Assets of high value are valued annually to reduce this risk.</p> <p>Investment properties are required to be measured at fair value, reflecting market conditions at the end of the reporting period.</p> <p>The carrying amount of Property, Plant and Equipment at 31st March 2025 is £2,012m.</p>	<p>A fall in value of the Council's Property, Plant and Equipment would impact on the net worth of the Council, however, would not impact on the Council's usable balances. Fluctuations in the value of assets will not correlate with normal market conditions; however, a 1% movement in asset values would move the Council's balance sheet position by £20.1m.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates, and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The IAS19 balance sheet is based on financial market values and future market expectation indicators as at 31 March 2025 to comply with the accounting standard. The financial markets at the accounting date will have taken worldwide economic considerations into account.</p> <p>Net assets of the fund available to fund benefits at the end of 31st March 2025 are £1,410m.</p>	<p>The assumptions interact in complex ways. The actuaries review the assumptions triennially and changes are adjusted for in the accounts. Sensitivity analysis is represented in note 45 to the accounts.</p>

47. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 2025/26:

- From 1 April 2025, the Code will introduce changes to the valuation of Property, Plant and Equipment, to require the use of indices to update the carrying amounts of assets where an asset has not been valued in year. A further change is that intangible assets are to be held at historic cost only. The Council currently values the top 80% of assets by monetary value each year and all lower value assets at least every five years. As high value assets are being valued annually the Council does not expect a material change in the value of its non-current assets in 2025/26 arising from this change.
- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) will be amended to specify how an entity should evaluate whether a currency is exchangeable and how it should choose the spot exchange rate where this is the case. The standard also requires that the impact of currency not being exchangeable is

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disclosed to users of financial statements. These changes are not expected to have material impact on the Council's financial statements.

- IFRS 17 Insurance Contracts replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts. The impact is not expected to be material.

48. Critical Judgements in Applying Accounting Policies

Significant judgements are made by management in applying accounting policies, which could have a material effect upon the accounts.

Group Boundaries

The group boundaries have been estimated using the criteria associated with the Code. In line with this, the Authority has identified two subsidiaries. The authority has deemed that the activities of these entities are not material.

PFI Contracts

The authority had one PFI contract relating to a school. As the PFI ended during September 2024, there is no liability from 2025/26.

Other Financial Statements

Housing Revenue Account (HRA) (page 111)

There is a statutory duty to account separately for local authority housing provision. The HRA Income and Expenditure Statement shows further detail of the Income and Expenditure on HRA services included in the whole Council Comprehensive Income and Expenditure Statement. It includes the major elements of Council housing revenue expenditure on maintenance, administration and capital financing costs and major income sources such as rents and other income.

The Collection Fund Account (page 115)

This account reflects the statutory requirement to maintain a separate Collection Fund which shows the transactions of the billing authority in relation to non-domestic rates and council tax, and illustrates the way in which these have been distributed to preceptors and the general fund. The Collection fund is consolidated with the other accounts of the Council.

The Pension Fund Account (page 119)

This fund is not included within the Council's Balance Sheet but is maintained separately. The Council acts as the administrator for the London Borough of Hillingdon Fund of the Local Government Pension Scheme.

Housing Revenue Account Income and Expenditure Statement

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and other income. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

	Note	31 March 2025 £'000	31 March 2024 £'000
Expenditure			
Repairs and maintenance		14,443	12,752
Supervision and management		26,778	22,407
Rents, rates, taxes & other charges		359	308
Increase in provision for bad debts		873	958
Depreciation of non current assets	3	14,068	13,675
Net revaluation loss		106,355	22,170
		162,875	72,271
Income			
Gross dwelling rents		(71,516)	(66,183)
Gross non dwelling rents		(2,296)	(2,263)
Charges for services and facilities		(6,033)	(6,103)
Contributions towards expenditure		(5,599)	(7,961)
		(85,444)	(82,509)
Net Cost of HRA Services as included in the HRA Income and Expenditure Statement		77,431	(10,238)
HRA Services share of Corporate and Democratic Core		986	827
Net Cost of HRA services		78,417	(9,411)
(Gain) on sale of HRA non current assets		(13,108)	(6,734)
Interest payable and similar charges		10,626	6,216
Interest & Investment Income		(3,791)	(1,067)
Capital Grant Income		(39,019)	(4,421)
(Surplus)/Deficit for the year on HRA services		33,124	(15,417)

Movement on the Housing Revenue Account Statement

The Movement on Housing Revenue Account Statement shows how the HRA Income and Expenditure Statement (surplus) / deficit for the year reconciles to the movement on the Housing Revenue Account Balance for the year.

	Note	31 March 2025 £'000	31 March 2024 £'000
HRA Balance 31 March		(15,101)	(15,186)
(Surplus)/Deficit for the year on HRA services		33,124	(15,417)
Adjustments between accounting basis & funding basis under regulations			
Gain/(Loss) on sale of HRA non current assets		13,108	6,734
HRA share of contributions to or from the Pension Reserve		(341)	(459)
Revaluation of Non Current Assets		(106,355)	(22,170)
Annual Leave Accrual Adjustment		(7)	(10)
Revenue Expenditure funded by Capital Under Statute		(6)	(23)
Provision for repayment of debt		7,545	10,011
Capital Grant Income		39,019	4,421
Net Increase before transfer to reserves		(13,913)	(16,913)
Transfer to Major Repairs Reserve		13,913	10,187
Transfer to Earmarked Reserve		-	6,811
(Increase)/Decrease in year on HRA		-	85
HRA Balance at 31 March		(15,101)	(15,101)
HRA Earmarked Reserve		(6,811)	(6,811)
Major Repairs Reserves	7	(4,302)	(3,187)
Total HRA Balances		(26,214)	(25,099)

Notes to the Housing Revenue Account

1. HOUSING STOCK

The Council was responsible at 31 March 2025 for managing dwellings (including shared ownership).
The stock was as follows:

	Total Properties 31 March 2025	Total Properties 31 March 2024
1 Bed Properties	3,849	3,733
2 Bed Properties	3,494	3,439
3 Bed Properties	2,779	2,770
4 Bed plus Properties	308	286
Total	10,430	10,228

2. VALUE OF HRA ASSETS

	Net Book Value 31 March 2025 £'000	Net Book Value 31 March 2024 £'000
Council Dwellings	898,996	861,554
Other Land & Buildings	2,018	1,634
Vehicle, Plant & Equipment	2,419	3,050
Surplus Assets	13,493	13,700
Intangible Asset	35	52
Assets Held For Sale	-	-
Assets Under Construction	55,939	26,273
Total	972,900	906,263

The vacant possession value of dwellings within the Council's HRA as at 31 March 2025 was £3,591m. This differs from the balance sheet value of £899m, which is based on the economic use value of social housing. The difference of £2,692m between these two figures shows the economic cost of providing housing at social rents over 30 year cycle compared to open market rents.

3. DEPRECIATION

Depreciation charged in year to the HRA

	Depreciation 31 March 2025 £'000	Depreciation 31 March 2024 £'000
Council Dwellings	13,380	12,997
Other Land & Buildings	27	28
Intangibles	17	17
Surplus Assets	12	10
Vehicle, Plant & Equipment	632	623
Total	14,068	13,675

Notes to the Housing Revenue Account

4. CAPITAL EXPENDITURE

HRA Capital Expenditure during 2024/25 totalled £178,241k. This was financed by:

	31 March 2025 £'000	31 March 2024 £'000
Capital Receipts	16,456	6,466
Capital Grants & Contributions	30,086	4,421
Borrowing	104,833	27,848
Major Repairs Reserve	26,866	22,729
	178,241	61,464

Capital receipts from the sale of HRA Right to Buy dwellings properties during 2024/25 totalled £13,288k (including Section 42 lease premiums, a garage and repayments of discounts), net of admin fees of £185k. These funds have been fully retained by the Council.

5. RENT ARREARS

At 31 March 2025 the gross HRA rent arrears amounted to £4,979k (£4,607k in 2023/24).

6. IMPAIRMENTS

The impairments balance on all HRA debts as at 31 March 2025 was £4,047k (£3,563k in 2023/24). In year, there was an increase in the HRA bad debt provision of £873k and debts totalling £389k were written off.

7. MAJOR REPAIRS RESERVE

HRA resource accounting requires the maintenance of a Major Repairs Reserve (MRR) and holds depreciation charged to the HRA and revenue contribution to capital expenditure of HRA. The movements on this reserve are shown below.

	31 March 2025 £'000	31 March 2024 £'000
Balance as at 1 April	3,187	2,054
Depreciation transferred to Reserve	14,068	13,675
Transfer to MRR	13,913	10,187
Capital programme funding	(26,866)	(22,729)
	4,302	3,187

The funds of £4,302k held in this reserve will be used to finance future capital expenditure on dwellings.

8. CONTRIBUTIONS TO PENSION RESERVE

The cost of employer's pension contributions in the HRA Income and Expenditure is reported in-line with IAS 19, which requires the current service cost, rather than the actual employer's contribution, be recognised. The HRA increase for 2024/25 was £341k.

9. EARMARKED RESERVE

An earmarked reserve of £6,811k was created in 2023/24 to support financing of future HRA affordable housing developments. There was no activity on this reserve in 2024/25.

Collection Fund Account

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

Council Tax	Note	31 March 2025	31 March 2024
		£'000	£'000
Council Tax Income		(193,994)	(181,935)
Contribution towards previous years' estimated Council Tax (Surplus)/Deficit	1	(1,326)	(7,001)
Write-offs Uncollectable Council Tax Debt		1,218	(166)
Write-back Uncollectable Council Tax Debt		-	-
Provision for Doubtful Council Tax Debts		11,989	1,171
London Borough of Hillingdon Council Tax Precept	1	145,751	137,440
Greater London Authority Council Tax Precept	1	49,340	44,988
Council Tax (Surplus)/Deficit for the Year		12,978	(5,503)
Opening Council Tax (Surplus)/Deficit Balance		(2,269)	3,234
Council Tax (Surplus)/Deficit for the Year		12,978	(5,503)
Brought Forward Council Tax (Surplus) / Deficit Balance		10,709	(2,269)

National Non-Domestic Rates (NNDR) & Business Rate Supplement (BRS)	Note	31 March 2025	31 March 2024
		£'000	£'000
National Non-Domestic Rates Income		(387,171)	(366,478)
Business Rate Supplement Income		(11,962)	(12,841)
Contribution towards previous years' estimated NNDR (Surplus)/Deficit		19,455	14,704
Write-offs Uncollectable NNDR Debt		4,252	367
Write-back Uncollectable NNDR Debt		1	(933)
Provision for Doubtful NNDR Debts		2,179	(420)
Provision/(Release of Provision) for Backdated Appeal Losses	3	10,721	2,416
London Borough of Hillingdon Share NNDR Income	2	115,934	104,493
Greater London Authority Share NNDR Income	2	142,985	128,874
Central Government Share NNDR Income	2	127,528	114,942
Transitional Payment Protection Receivable		2,630	(9,145)
Payment to Greater London Authority in respect of BRS Income		11,951	12,830
NNDR Cost of Collection Allowance		561	558
BRS Cost of Collection Allowance		11	11
NNDR (Surplus)/Deficit for the Year		39,075	(10,622)
Opening NNDR (Surplus)/Deficit Balance		(23,239)	(12,619)
NNDR (Surplus)/Deficit for the Year		39,075	(10,622)
Brought Forward NNDR (Surplus)/Deficit Balance		15,836	(23,241)

Notes to the Collection Fund Account

1. Calculation of the Council Tax Base and 2024/25 Council Tax Revenues

The Council Tax Base is based upon the number of dwellings within the borough, analysed by valuation band and adjusted for reductions in expected tax yield arising from discounts, exemptions and the Council Tax Support Scheme. The Council Tax Base is set annually in advance of budget setting, with the 2024/25 base agreed by full Council on 18 January 2024.

Band	Estimated No. of Properties	Discounts & Exemptions	Council Tax Support Scheme	Net Estimated No. of Properties	Band D Equivalent Ratio	Band D Equivalent 2024/25	Band D Equivalent 2023/24
A	1,950	(292)	(314)	1,344	6/9	897	866
B	6,598	(1,166)	(1,149)	4,283	7/9	3,331	3,260
C	28,287	(3,505)	(3,571)	21,211	8/9	18,854	18,475
D	47,434	(3,560)	(3,699)	40,175	9/9	40,177	39,798
E	18,847	(1,531)	(777)	16,539	11/9	20,214	20,378
F	10,080	(878)	(179)	9,023	13/9	13,033	13,116
G	5,319	(696)	(41)	4,582	15/9	7,637	7,642
H	487	(38)	(4)	445	18/9	891	891
Total	119,002	(11,666)	(9,734)	97,602		105,035	104,425
Adjustment for Non-collection						(1,050)	(1,566)
Ministry of Defence Contribution						683	766
Council Tax Base						104,668	103,625
London Borough of Hillingdon Band D Council Tax (£)						1,393	1,326
Greater London Authority Band D Council Tax (£)						471	434
Total Band D Council Tax (£)						1,864	1,760
Demand on Collection Fund (£'000)						195,092	182,427

Notes to the Collection Fund Account

Annual precepts levied upon the Collection Fund Account in respect of Council Tax by the Council and Greater London Authority are derived from the Council Tax Base and the Band D Council Tax charge approved for the financial year. The following table analyses all Council Tax activity within the Collection Fund between the major preceptors, with the Council's own activity reflected in the main statement of accounts.

	Balance 31 March 2024	2024/25 Precept	Release of Prior Year Estimated Surplus	2024/25 Council Tax Revenues	2024/25 Deficit	Balance 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000
London Borough of Hillingdon	(1,687)	145,751	(985)	(135,065)	9,701	8,014
Greater London Authority	(582)	49,340	(327)	(45,737)	3,277	2,695
Total	(2,269)	195,092	(1,312)	(180,802)	12,978	10,709

Notes to the Collection Fund Account

2. National Non-Domestic Rating Income & Business Rate Retention System

National Non-Domestic Rates are levied on the basis of the Valuation Office Agency's assessment of the Rateable Value of a non-domestic property. As at 31 March 2025 the aggregate Rateable Value across the 8,690 hereditaments within the borough totalled £820.50m, with rates payable determined by the National Non-Domestic multiplier which is set annual by Central Government. For 2024/25 the standard multiplier was frozen at 54.6p in the pound and for small businesses 49.9p in the pound.

The Business Rate Retention System requires that locally raised income is shared between the Council (30%), the Greater London Authority (37%) and Central Government (33%). The Council's own share of these revenues are reflected in the main statement of accounts.

	Balance 31 March 2024	2024/25 Budgeted Share of Income	Release of Prior Year Estimated Surplus	2024/25 Non- Domestic Rates Revenues	2024/25 Surplus	Balance 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000
London Borough of Hillingdon	(6,971)	115,934	5,836	(110,048)	11,722	4,750
Greater London Authority	(8,600)	142,985	7,198	(135,726)	14,457	5,859
Central Government	(7,670)	127,528	6,420	(121,053)	12,895	5,226
Total	(23,241)	386,447	19,454	(366,827)	39,074	15,835

3. Provision for losses on Non-Domestic Rating Income due to back-dated appeals

Non-Domestic Ratepayers are able to challenge the Valuation Office Agency's assessment of the Rateable Value for their property, which if successful will result in a reduction in future payments and in some cases a refund of previously levied rates. The Council's appeals provision reflects the current level of activity with the VOA in the Check, Challenge & Appeal process as well as making an estimation for future activity. Given the inherent uncertainty around the financial impact of such appeals, a provision of £13.6m has been established on the basis of past experience. This represents an increase of £10.7m on the previously held provision. With 2024/25 being the second year of a three-year revaluation cycle, it is anticipated that more appeals will be lodged in the third and final year once businesses know the final position on the current rating list.

Notes to the Pension Fund Account

PENSION FUND ACCOUNT

	Note	31 March 2025 £'000	31 March 2024 £'000
Contributions	4	60,666	58,148
Transfers In from other pension funds	5	6,189	51,642
		66,855	109,790
Less: Benefits	6	(65,199)	(60,556)
Less: Payments to and on account of leavers	7	(11,110)	(8,907)
		(76,309)	(69,463)
Net additions/(withdrawals) from dealings with members		(9,454)	40,327
Less: Management expenses	8	(13,100)	(13,441)
Net additions/(withdrawals) including fund management expenses		(22,554)	26,886
Return on investments			
Investment income	9	17,573	19,609
Profit and losses on disposal of investments and changes in market value of investments	10A	52,595	129,976
Taxes On Income		(31)	(29)
Net return on investments		70,137	149,556
Net Increase/(Decrease) in the fund during the year		47,583	176,442
Net Assets at start of year		1,361,954	1,185,512
Net Assets at end of year		1,409,537	1,361,954

	Note	31 March 2025 £'000	31 March 2024 £'000
Investment Assets	10	1,406,412	1,361,382
Investment Liabilities	10	-	-
Total net investments		1,406,412	1,361,382
Current Assets	11	3,364	994
Current Liabilities	12	(239)	(422)
Net assets of the fund available to fund benefits at the end of the reporting period		1,409,537	1,361,954

The Pension Fund Accounts summarise the transactions of the scheme and show the net assets at the disposal of members. They do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at note 18.



Steve Muldoon
Corporate Director of Finance (S151 Officer)
22 September 2025

Notes to the Pension Fund Account

1. DESCRIPTION OF THE FUND

a. General

The London Borough of Hillingdon Pension Fund ("the Fund") is part of the Local Government Pension Scheme (LGPS) and is administered by the London Borough of Hillingdon ("the administering body"). The Council is the reporting entity for this pension fund. The Fund is a contributory defined benefits scheme established in accordance with statute to provide benefits to members and retired members of the London Borough of Hillingdon and Admitted and Scheduled bodies in the Fund. Benefits in respect of service from 1 April 2014 are based on career average revalued earnings (CARE) scheme. Benefits in respect of past service up to 31 March 2014 are based on final salary. Pensions move in line with the Consumer Price Index (CPI) annually. Benefits paid out include a pension payable to former members and their dependants, lump sum retirement benefits, payment of death benefits where death occurs in service or retirement, and yearly payment of benefits on medical grounds.

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

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

b. Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside of the scheme. Due to government legislation, since 1 February 2013 all new employees who are not in the scheme are automatically enrolled. Members have the option to opt out of the scheme. Employees who have opted out are then re-enrolled every 3 years, when they can again opt out.

Organisations participating in the London Borough of Hillingdon Pension Fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the Fund.
- Admitted bodies, which participate in the Fund under the terms of an admission agreement between the Fund and the employer. Admitted bodies include voluntary, charitable, and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Employers who contribute to the Fund in addition to London Borough of Hillingdon are:

Admitted Bodies:

Culinera– Uxbridge High school

CCS Homecare Service

Cucina – Bishopshalt

Cucina - Ryefield

East & North Herts NHS Trust

Energy Kidz Ltd

Greenwich Leisure

Kindred Cleaning - Harlington School Cleaners

Hayward Services

- Guru Nanak School
- Ryefield School
- Field End Primary
- Hermitage Primary

Notes to the Pension Fund Account

Heathrow Travel Care

Herts Catering Limited

Hillingdon & Ealing Citizens Advice

Hillingdon Care Contract

HPS Services FM Limited

Pabulum - West Drayton Academy

Service Master – Belmore Academy

KGB Cleaning – Highfield School

Glen Group Ltd – Meadow High School

The Pantry (UK) Limited (Frays Academy – St Matthews)

Scheduled Bodies:

Barnhill Academy

Belmore Academy

Bishop Ramsey Academy

Bishopshalt Academy

Charville Academy

Douay Martyrs Academy

Eden Academy Trust

- Moorcroft School
- Pentland Field School
- Grangewood School
- Sunshine House School

Elliot Foundation Trust

- Hillingdon Primary School
- John Locke Academy
- Pinkwell School

Guru Nanak Academy Trust

- Nanak Sar Primary School
- Guru Nanak Sikh Academy

Global Academy

Harefield Academy

Richmond, Harrow & Uxbridge College

Haydon Academy

Notes to the Pension Fund Account

UTC Heathrow

LBDS Frays Academy Trust

- Cowley St. Lawrence Academy
- Laurel Lane Academy
- St. Matthews Primary School
- St. Martins Primary School

London Housing Consortium

Park Federation Trust

- Park Academy West London
- Cranford Park Academy
- Lake Farm Park Federation
- Wood End Academy

QED Academy Trust

- West Drayton Academy
- Coteford Junior Academy
- Queensmead Academy
- Northwood Academy

Rosedale Hewens Academy Trust

Swakeleys Academy

VLT

- Field End Junior School
- Hermitage Primary School
- Ruislip Academy
- Ryefield Academy
- Vyners Academy

Uxbridge Academy

William Byrd School

Willows Academy

Notes to the Pension Fund Account

London Borough of Hillingdon Pension Fund	31 March 2025	31 March 2024
Number of employers with active members	66	66
Number of employees in scheme		
London Borough of Hillingdon	5,445	5,639
Other employers	3,554	3,543
Total	8,999	9,182
Number of Pensioners		
London Borough of Hillingdon	7,445	7,048
Other employers	1,212	1,341
Total	8,657	8,389
Deferred Pensioners		
London Borough of Hillingdon	9,962	9,746
Other employers	4,562	4,625
Total	14,524	14,371

c. Funding

The Fund is financed by contributions from the employers, Pension Fund members and by income from the Fund's investments. The Pension Fund accounts do not take account of liabilities to pay pensions and other benefits in the future. The contributions from the London Borough of Hillingdon and other participating employers are set through the triennial actuarial valuation at a rate sufficient to meet the long-term liabilities of the Fund.

Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employers also pay contributions into the Fund based on triennial funding valuations. The last such valuation was as of 31 March 2022 - this covers the three financial years following 2022/23 (2023/24, 2024/2025 & 2025/26). Currently employer contribution rates range from 18.9% to 42.3% of pensionable pay, as per the 2022 valuation.

d. Investments

The Pension Fund investments are managed externally by fund managers: Adams Street Partners, AEW UK, Legal & General Investment Management, LGT Capital Partners, London CIV, Macquarie Investments, Permira LLP, UBS Global Asset Management and Blackstone Investments. In addition, there is one direct investment into pooled funds with M&G Investments.

e. Governance

The Fund is overseen by the Pensions Committee (comprised of Councillors) and the Pensions Board (comprised of an even number of employer and member representatives). The performance of the fund managers is monitored by the Pensions Committee (Four meetings in 2024-25) and governance is overseen by the Pensions Board (Three meetings in 2024-25). Pensions Committee and Pensions Board consisted of the following members in 2024/25:

Pensions Committee

Cllr Reeta Chamdal (Chairman)
Cllr Kaushik Banerjee (Vice-Chairman)
Cllr John Riley – until 28 November 2024

Cllr Stuart Mathers
Cllr Tony Burles
Cllr Douglas Mills – From 29 November 2024

Pensions Board

Roger Hackett (Scheme Member Representative) Shane Woodhatch (Employer Representative)
Tony Noakes (Scheme Member Representative) Vicky Trott (Employer Representative)
Jack Francis-Kent (Scheme Membership Representative) Anna Beattie (Employer Representative)

Notes to the Pension Fund Account

2. BASIS OF PREPARATION

The accounts have been compiled in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 which is based on International Financial Reporting Standards (IFRS) as amended for the public sector and underpinned by the Local Government Pension Scheme Regulations. The accounts have been prepared on an accrual basis, except for transfer values, which are accounted for on a cash basis, and summarise the Fund transactions and report on the net assets available to pay pension benefits as of 31 March 2025.

The accounts do not take into account obligations to pay benefits and pensions that fall due after the reporting date (31 March 2025). The Pension Fund Accounts have been prepared on a going concern basis.

3. ACCOUNTING POLICIES

a. Valuation of assets

- Market quoted investments: Equities are valued at bid market prices available on the final day of the accounting period.

- Fixed income securities including short-term instruments are priced based on evaluated prices provided by independent pricing services.

- For pooled funds, if bid prices are provided by the Fund administrators, then these are used, otherwise the Net Asset Value (NAV) is used. The NAV for pooled funds is derived by subtracting the fund's liabilities from assets and divide the result by total units/shares within the pooled fund.

- Private Equity is valued using the latest audited valuation from the Limited Partner/General Partner. This is adjusted for any capital calls/distributions that have taken place since the date of the statement. Unquoted investments for Private Placements and Infrastructure are priced using discounted cash flow methodology.

b. Foreign currency translation of assets and liabilities and forward foreign exchange contracts are converted into sterling at the closing middle rates of exchange in the Net Assets Statement. Overseas income is converted at rates of exchange ruling when remitted.

c. Acquisition costs of investments occur as brokerage commission when investments are purchased. They are recorded in the cost figure on an accrual basis.

d. Investment management expenses are recorded at cost when the fund managers/custodian invoice the fund on a quarterly basis or provide a fee schedule deducted at source. Expenses are recorded on an accrual basis. Where an investment manager's complete fee schedule has not been received by year end, an estimate based on the previous quarter's amount is included in the accounts. In 2024/25, no such fees are based on estimates. The fund also agreed with the following fund managers that their fees include elements of performance, Adams Street Partners, AEW UK, Macquarie Infrastructure Partners, Permira LLP, London CIV and Blackstone Investments.

e. Administration expenses are paid when invoiced by third party providers through the administering authority's payment system and recharged to the Pension Fund.

f. Interest on property developments - property is held in unit trusts for the Pension Fund, the return received is calculated in accordance with the unit price at the Net Assets Statement date.

g. Contribution Income

Normal contributions are accounted for on accrual basis as follows:

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

Employer deficit funding contributions are accounted for on the basis advised by the fund actuary in the rates and adjustment certificate issued to the relevant body.

Additional employers' contributions in respect of ill-health are accounted for as part of the tri-ennial valuation exercise and employers' contribution rates adjusted accordingly for relevant employers. Early retirement strain costs are accounted for on accrual basis.

Notes to the Pension Fund Account

- h. Benefits are accounted for in the period in which they fall due. All benefits are calculated in accordance with the statutory regulations in force at the relevant benefit date.
- i. Transfers are accounted for on a cash basis, as the amount payable or receivable by the scheme is not determined until payment is made and accepted by the recipient. Group transfers are accounted for under the agreement upon which they are made.
- j. Cash and cash equivalents are held in the custody accounts by fund managers as agreed in the individual Investment Management Agreements (IMA). Cash held is at the discretion of the manager but must not exceed the stipulated permitted range in the IMA.
- k. Investment Income - dividends from quoted securities are accrued when the securities are quoted ex-dividend. Interest on cash deposits is accrued on daily basis.

Critical Judgements and Uncertainties

- l. Unquoted Alternative Investments - Fair values of alternative investments are highly subjective in nature. They are inherently based on forward-looking estimates and judgements involving many factors. Unquoted alternative investments are valued by investment managers using methods such as IFRS fair value principles, discounted cash flow method and guidelines set out by the International Private Equity and Venture Capital Association (IPEV), of which the British Venture Capital Association is a founding member. The value of alternative investments as of 31 March 2025 was £268,326k (£244,700k on 31 March 2024).
- m. Assumptions made about the future and other major sources of estimation uncertainty - The Pension Fund accounts contain estimated figures that are based on assumptions made by the Fund about the future or events that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Notes to the Pension Fund Account

Items where there is a significant risk of material movements in value in the financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Private equity	Private equity investments are valued at fair value in accordance with British Venture Capital Association guidelines or commensurate overseas equivalent. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. The fair value principles employed to value the underlying investments and the valuation policy remains unchanged. Both managers continue to use the latest valuation available from underlying investment managers, adjusting for any known cash flows and take into account any known and measurable impact. It is important to note that given the evolving situation and the quarterly cycle of private equity valuations, additional data needs to be accessible before a more accurate estimate can be made with regard to potential effects of market events on net asset values.	The total private equity investments in the financial statements are £2,993k. There is a risk that this investment may be under or overstated in the accounts.
Item	Uncertainties	Effect if actual results differ from assumptions
Infrastructure - Macquarie Infrastructure Real Assets and LCIV Stepstone	Infrastructure Valuation represents the fair value of investments held at 31 March 2024. The valuations have been completed by MIRA (Macquarie Infrastructure Real Assets) in accordance with ASC 820-10 (Fair Value Measurements), under which the fair value is determined to be the price that would be received upon sale of the investments in an orderly transaction between market participants. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total infrastructure alternative investments in the financial statements are £69,222k. There is a risk that this investment may be under or overstated in the accounts. There are no openly traded market prices available for this asset category.
Item	Uncertainties	Effect if actual results differ from assumptions
Private Finance - M&G and Blackstone	Private Finance investments are valued at par as they are mostly floating rate notes tied to LIBOR. Final valuation is undertaken by the analysts employed by the fund manager as they are not traded on the open market.	The total private finance investments in the financial statements are £20,876k. There is a risk that this investment may be under or overstated in the accounts. There are no openly traded market prices available for this asset category.

Notes to the Pension Fund Account

Item	Uncertainties	Effect if actual results differ from assumptions
Direct Lending - Permira Credit Solutions & LCIV Private Debt	Private Debt Investments are valued on a quarterly basis and in accordance with International Private Equity and Venture Capital valuation guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total Private Debt investments in the financial statements are £70,838k. There is a risk that this investment may be under or overstated in the accounts. There are no openly traded market prices available for this asset category.
Item	Uncertainties	Effect if actual results differ from assumptions
Pooled Property - AEW UK & UBS Property	Pooled property assets are valued independently for the respective managers with a lot of subjective and unobservable inputs that may be affected by prevalent socio-economic issues. The underlying assets do not have the luxury of an open market transactional data like Equities and does result in valuation varying by wide degrees.	The total Pooled property investments in the financial statement is £106,070k. There is a risk the investments may be over or under stated in the accounts. These asset class of investments are not openly traded and a lot of unobservable inputs are utilised in the valuation of the assets. These unobservable valuation assumptions may have a profound effect on the actual pricing at year end thus skew shown valuation the fund accounts.
Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates used, the rates at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of actuaries, Hymans Robertson, are engaged to provide the fund with expert advice about the assumptions to be applied. The IAS19 balance sheet is based on financial market values and future market expectation indicators as at 31 March 2024 to comply with the accounting standard.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in pension liability. An increase in assumed earnings would increase the value of liabilities and an increase in assumed life expectancy would increase the liability. This would not effect the Fund Account or Net Asset Statement, but would impact the Council Accounts. Below are the details of the sensitivity analysis to the method of assumptions used for year ended 31 March 2025 by the fund's actuaries.

Notes to the Pension Fund Account

Sensitivity to Unquoted Alternative Assets valuation and Pricing: Information on sensitivities of the valuation and pricing methodologies of these asset classes are disclosed in notes 14 and 16.

Sensitivity Analysis

Sensitivity to the assumptions for the year ended 31 March 2025	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.1% p.a increase in the Discount Rate	2%	17
1 year increase in member life expectancy	4%	43
0.1% p.a. increase in the Salary Increase Rate	0%	1
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	17

The principal demographic assumption is the longevity assumption. For sensitivity purposes, it is estimated that a 1-year increase in life expectancy would approximately increase the liabilities of the Pension Fund by around 3-5%.

4. CONTRIBUTIONS

By category	31 March 2025 £'000	31 March 2024 £'000
Employees	13,412	12,506
Employers Contributions:		
Normal	40,045	38,867
Deficit Funding	7,209	6,775
	60,666	58,148

Deficit Funding: At the actuarial valuation on 31 March 2022 the Fund was 88% funded, with the remaining 12% deficit to be recovered over a period of 20 years.

By authority	31 March 2025 £'000	31 March 2024 £'000
LB Hillingdon	41,503	39,847
Scheduled Bodies	18,667	17,874
Admitted Bodies	496	427
	60,666	58,148

Notes to the Pension Fund Account

5. TRANSFERS IN

	31 March 2025 £'000	31 March 2024 £'000
Individual transfers in from other schemes	6,189	6,401
Bulk Transfers In*	-	45,241
	6,189	51,642

6. BENEFITS

	31 March 2025 £'000	31 March 2024 £'000
By category		
Pensions	(53,735)	(49,125)
Commutations and Lump Sum Retirement Benefits	(9,885)	(10,191)
Lump Sum Death Benefits	(1,579)	(1,240)
	(65,199)	(60,556)
	31 March 2025 £'000	31 March 2024 £'000
By authority		
LB Hillingdon	(56,183)	(54,265)
Scheduled Bodies	(8,462)	(5,499)
Admitted Bodies	(554)	(792)
	(65,199)	(60,556)

7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	31 March 2025 £'000	31 March 2024 £'000
Refunds to members leaving service	(157)	(172)
Individual transfers out to other schemes	(9,230)	(8,735)
Bulk Transfers Out	(1,723)	-

Notes to the Pension Fund Account

8. MANAGEMENT EXPENSES

The administering authority incurred costs in managing the Fund for the period ending 31 March 2024 as follows:

	31 March 2025 £'000	31 March 2024 £'000
Administrative Costs	(1,212)	(1,166)
Investment Management Expenses	(11,592)	(11,796)
Oversight and Governance	(296)	(479)
	(13,100)	(13,441)

8A. INVESTMENT MANAGEMENT EXPENSES BREAKDOWN

2024/2025	£'000	£'000	£'000	£'000
	Total	Management Expenses	Performance Fees	Transaction Costs
Equities	-	-	-	-
Pooled Investments	(6,854)	(3,635)	(1,660)	(1,559)
Pooled Property Investments	(4,632)	(3,100)	(42)	(1,490)
Private Equity	(49)	(82)	34	(1)
	(11,535)	(6,817)	(1,668)	(3,050)
Custody Fees/Investment Advice	(56)			
Total	(11,591)			

2023/2024	£'000	£'000	£'000	£'000
	Total	Management Expenses	Performance Fees	Transaction Costs
Equities	-	-	-	-
Pooled Investments	(6,670)	(3,610)	(2,363)	(697)
Pooled Property Investments	(4,977)	(3,714)	-	(1,263)
Private Equity	(149)	(96)	(22)	(31)
	(11,796)	(7,420)	(2,385)	(1,991)
Custody Fees/Investment Advice	(46)			
Total	(11,842)			

8B. EXTERNAL AUDIT COSTS

	31 March 2025 £'000	31 March 2024 £'000
Payable in Respect of External Audit	(93)	(93)
	(93)	(93)

External Audit costs are included in Oversight and Governance within Management Expenses

Any Increase in external audit costs will be attributable to fee adjustment to reflect procurement outcome by PSAA/MHCLG

Notes to the Pension Fund Account

9. INVESTMENT INCOME

	31 March 2025 £'000	31 March 2024 £'000
Income from Equities	-	-
Pooled Property Investments	4,359	6,152
Pooled Investments- Unit trusts and other managed funds	12,413	12,606
Interest on cash deposits	801	851
	17,573	19,609

10. INVESTMENTS

	31 March 2025 £'000	31 March 2024 £'000
Investment Assets		
Equities	27	29
Pooled investments	1,195,087	1,156,809
Pooled property investments	194,432	190,438
Private equity	2,993	5,521
Other Investment balances		
Cash deposits	13,793	8,316
Investment income due	80	269
Total investment assets	1,406,412	1,361,382
Net investment assets	1,406,412	1,361,382

Notes to the Pension Fund Account

10A. RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

2024/25	Value 1 April 2024 £'000	Purchases at cost £'000	Sales proceeds £'000	Profits and losses on disposal of investments and Changes in market value of investments £'000	Value 31 March 2025 £'000
Equities	29	-	(1)	(1)	27
Pooled Investments	1,156,787	315,432	(312,520)	35,388	1,195,087
Pooled Property Investments	190,460	220	(3,930)	7,682	194,432
Private Equity	5,521	14	(1,730)	(812)	2,993
	1,352,797	315,666	(318,181)	42,257	1,392,539
Other investment balances	1,352,797	315,666	(318,181)	42,257	1,392,539
Cash Deposits	8,316				13,793
Investment Income Due	269			10,338	80
Total Investment Assets	1,361,382			52,595	1,406,412
2023/24	Value 1 April 2023 £'000	Purchases at cost £'000	Sales proceeds £'000	Profits and losses on disposal of investments and Changes in market value of investments £'000	Value 31 March 2024 £'000
Equities	29	-	-	-	29
Pooled Investments	965,621	88,693	(21,164)	123,659	1,156,809
Pooled Property Investments	194,436	1,592	(1,133)	(4,457)	190,438
Private Equity	6,346	46	(1,108)	238	5,521
	1,166,432	90,330	(23,405)	119,440	1,352,797
Other investment balances	1,166,432	90,330	(23,405)	119,440	1,352,797
Cash Deposits	16,510				8,316
Investment Income Due	140				269
Adjustments to Market Value Changes	-			10,536	-
Total Investment Assets	1,183,082			129,976	1,361,382

Notes to the Pension Fund Account

10B. ANALYSIS OF INVESTMENTS

	31 March 2025 £'000	31 March 2024 £'000
Equities		
UK		
Quoted	27	29
	27	29
Pooled funds - additional analysis		
Fixed income unit trust	231,038	229,796
Diversified Growth Funds	60,056	63,800
Infrastructure Funds	69,221	66,313
Global Equity	763,763	725,899
Limited liability partnerships	71,009	71,001
	1,195,087	1,156,809
Other Investments		
Pooled property Investments	194,432	190,438
Private equity	2,993	5,521
	197,425	195,959
Cash deposits	13,793	8,316
Investment income due	80	269
	13,873	8,585
Total investment assets	1,406,412	1,361,382
Net investment assets	1,406,412	1,361,382

10C. INVESTMENTS ANALYSED BY FUND MANAGER

Investment Assets and Liabilities by Fund Manager

Fund Manager	Market Value 31 March 2025 £'000	%	Market Value 31 March 2024 £'000	%
Investments Managed by London CIV Pool				
Legal & General Investment Management	779,602	55	816,668	60
London CIV Asset Pool	423,872	30	337,193	25
	1,203,474	86	1,153,861	85
Investments Managed Outside of London CIV				
Adams Street Partners	1,600	-	3,713	-
AEW UK	74,652	5	72,517	5
Blackstone Investments	20,705	1	19,241	1
LGT Capital Partners	1,393	-	1,809	-
M&G Investments	171	-	460	-
Macquarie Infrastructure	8,362	1	15,124	1
Permira Credit Solutions	11,214	1	14,739	1
UBS Global Asset Management (Equities)	50	-	56	-
UBS Global Asset Management (Property)	72,827	5	74,891	6
Other*	11,964	1	4,971	-
	202,938	14	207,521	14
Total	1,406,412	100	1,361,382	100

* Other includes pending trades, accrued income and cash held in custody accounts, independent of fund managers not mandated to hold cash. * No single holding within an investment represents more than 5% of total assets

Notes to the Pension Fund Account

10D. STOCK LENDING

The Fund's investment strategy sets the parameters for the Fund's stock-lending programme. At the year-end, the value of quoted equities on loan was £27k (31 March 2024: £29k). These equities continue to be recognised in the Fund's financial statements.

Counterparty risk is managed through holding collateral at the Fund's custodian bank. At the year-end the Fund held collateral (via the custodian) at fair value of £29k (31 March 2024: £31k) representing 106% of stock lent. Collateral consists of acceptable securities and government debt.

Stock-lending commissions are remitted to the Fund via the custodian. During the period the stock is on loan, the voting rights of the loaned stock pass to the borrower. There are no liabilities associated with the loaned assets.

11. CURRENT ASSETS

	31 March 2025 £'000	31 March 2024 £'000
Debtors		
Employers' contributions due	39	50
Employees' contributions due	137	157
Other	1,619	99
Cash balances	1,569	688
	3,364	994

12. CURRENT LIABILITIES

	31 March 2025 £'000	31 March 2024 £'000
Creditors		
Other local authorities (LB Hillingdon)	-	(72)
Other entities	(239)	(350)
	(239)	(422)

Note: Other entities liabilities are due from the Pension Fund to bodies external to the government e.g., fund managers.

13. ADDITIONAL VOLUNTARY CONTRIBUTIONS

Additional Voluntary Contributions paid by scheme members are not included in the accounts. The additional voluntary contributions are paid by scheme members directly to Prudential Assurance Company, who manage these monies independently of the fund and, as determined by the fund actuary, do not form part of the Fund valuation.

According to information provided by Prudential, £99k was received in additional voluntary contributions by members, in 2024/25 (£92k 2023/24) and AVC Fund value was £3,374k (£3,591k 2023/24). Any transfer of additional contributions into the Fund during the year are included in the employee contributions value as detailed in note 4.

	Market Value 31 March 2025 £'000	Market Value 31 March 2024 £'000
Prudential Assurance Company	3,374	3,591
	3,374	3,591

Notes to the Pension Fund Account

14. FAIR VALUE - BASIS OF VALUATION

The basis of the valuation of 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 accounting period.	Not required	Not required
Pooled investments - overseas unit trusts	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price is published.	NAV-based pricing set on a forward pricing basis	Not required
Pooled Investments - Property Funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price is published.	NAV-based pricing set on a forward pricing basis	Not Required
Pooled Investments Property Funds	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.
Alternative Assets (Private Equity, Private Credit and Infrastructure)	Level 3	Comparable valuation of similar companies e.g. in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018)	EBITDA multiple revenue multiple discount for lack of marketability control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.

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

It is worth noting the sensitivity analysis below is just one of the possible changes to assets value due to the impact of factors affecting valuation methodology employed by the fund managers. Sensitivity being measured in this note differs from those in note 16 (other price risks).

Notes to the Pension Fund Account

Sensitivity of assets valued at level 3

	Valuation range (+/-)	Market Value 31 March 2025 £'000	Value on Increase £'000	Value on Decrease £'000
Pooled investments - Limited Liability Partnerships (Infrastructure) a	10%	69,221	76,143	62,299
Pooled investments - Limited Liability Partnerships (Private Credit) b	10%	71,009	78,110	63,908
Pooled Property - UBS Property & AEW UREF	10%	106,070	116,677	95,463
Pooled Dislocation Fund - Balckstone	5%	20,705	21,740	19,670
Private Equity - d	5%	2,993	3,143	2,843
Total		269,998	295,813	244,183

a) The potential movement of 10% represents a combination of the following factors, which could all move independently in different directions: i) material changes in economic and financial assumptions. ii) discounted equity cash flow rate.

b) The assumed movement is based on pricing of loans in the secondary leveraged loan market, with widening/narrowing spreads resulting in price changes either way.

c) The assumed movement is based fluctuations in market prices for comparable assets, real estate market illiquidity and counterparty default.

d) Movement in the assessed valuation range derive from changes in the underlying profitability of component companies, the range in the potential movement of 5% is caused by unexpected changes to cash flow forecast and discounts for lack of potential bids.

14A. 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 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.

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 pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Notes to the Pension Fund Account

Values as at 31 March 2025	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs	
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets at Fair Value through Profit and Loss				
Equities	27	0	0	27
Pooled Investments	0	1,034,152	160,935	1,195,087
Pooled Property Investments	0	88,377	106,055	194,432
Private Equity	0	0	2,993	2,993
	27	1,122,529	269,983	1,392,539
Financial Liabilities at Fair Value through Profit and Loss				
Total	27	1,122,529	269,983	1,392,539

Values as at 31 March 2024	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs	
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets at Fair Value through Profit and Loss				
Equities	29	0	0	29
Pooled Investments	0	1,000,277	156,532	1,156,809
Pooled Property Investments	0	84,441	105,997	190,438
Private Equity	0	0	5,521	5,521
	29	1,084,718	268,050	1,352,797
Financial Liabilities at Fair Value through Profit				
Total	29	1,084,718	268,050	1,352,797

Notes to the Pension Fund Account

14B. RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

Level 3 Assets Reconciliation

Fund Managers & Asset Categories	Value 1 April 2024	Purchases at cost	Sales proceeds	Unrealised gains/(losses)	Realised gains/(losses)	Value 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000
Private Equity - Adams Street Partners, LGT Capital Partners & UBS	5,521	14	(1,730)	(1,451)	639	2,993
Private Finance - M&G	460	-	(214)	(105)	30	171
Infrastructure - Maquarie & LCIV	66,313	51,624	(58,710)	7,469	2,525	69,221
Property - UBS Property, & AEW UREF	105,997	220	(869)	509	213	106,070
DGF/Dislocation - Blackstone	19,240	9,670	(5,937)	(2,131)	(137)	20,705
Direct Lending - Permira & LCM Private Debt	70,519	888	(5,061)	5,380	(888)	70,838
Total Level 3 Assets	268,050	62,416	(72,521)	9,671	2,382	269,998

There were no transfers into Level 3 in 2024/25

Notes to the Pension Fund Account

14C. LEVEL 3 PRICING HIERARCHY DISCLOSURES

Quantitative Information on Significant unobservable inputs

Private Equity: Adams Street & LGT capital

The significant unobservable inputs used in the fair value measurement of privately held securities are Revenue multiples, EBITDA multiple, net income multiple and discount for lack of marketability and potential bids.

Private Finance: M&G

The assets are mostly floating rate notes and held at par value.

Infrastructure: Macquarie

The following quantitative information are considered for significant unobservable inputs, in valuation of infrastructure assets:

- The acquisition financial model is used as a base case.
- Update for any material changes in economic, operational, and financial assumptions.
- Discount equity cash flows at the sum of the risk-free rate and the appropriate risk premium (as determined by the implied risk premium at acquisition unless there is an inherent change in the riskiness of the underlying investments which may necessitate a change in the risk premium).

Direct Lending: Permira

The following key terms are confirmed as inputs for each yield analysis calculation:

- Cash / PIK (Payment in Kind) margin
- Frequency of interest payments
- Commitment and settlement date
- Contracted and expected maturity date

Pooled Property: AEW, UBS Property & LGIM LPI

Fair value is primarily derived using recent market transactions on arm's length terms, where available and discounted cashflow of future earnings are taken into consideration, alongside observable and unobservable inputs.

Description of Valuation Process

Private Equity

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. Private equity investments for which market quotations are not readily available are valued at their fair values by the Board of Directors. Private equity valuations are usually generated by the managers of the underlying portfolio of investments on a quarterly basis and are actually received with a delay of at least one-to-two months after the quarter end date. As a result, the year-end net asset value predominantly consists of portfolio valuations provided by the investment managers of the underlying funds at a specific date, adjusted for subsequent capital calls and distributions. If the Board of Directors comes to the conclusion upon recommendation of the Investment Manager (after applying the above-mentioned valuation methods), that the most recent valuation reported by the manager/administrator of a Fund investment is materially misstated, it will make the necessary adjustments using the results of its own review and analysis. The valuation adjustments relate to events subsequent to the last capital account valuation statement received but based upon information provided by the investment manager and all other available unobservable inputs. In estimating the fair value of fund investments, the Investment Manager in its valuation recommendation to the Board of Directors considers all appropriate and applicable factors.

Private Finance: M&G

These assets are floating rate and are held to maturity, they are valued at par unless suffering from impairment. Impairments may be applied if an asset's credit rating deteriorates.

Direct Lending: Permira

- In each case, valuations are prepared in accordance with International Private Equity & Venture Capital Valuation ("IPEV") Guidelines
- All direct lending investments are valued on a mark-to-market basis at the date of valuation
- Where an investment is considered illiquid (level 3), a yield analysis is performed to infer a fair market value for that investment.
- Each valuation is reviewed to ensure:

Notes to the Pension Fund Account

- Third party evidence to support pricing (such as Market data, broker quotes or Bloomberg pricing, as well as latest financials and capital structure; and any other adjustments to value) was evidenced.
- That the valuations are prepared in a consistent manner with previous valuations and that any changes in methodology or valuation are clearly explained; and valuations are derived using methodology consistent with the IPEV guidelines.

Infrastructure: Macquarie

Valuations are calculated by the individual asset teams on a quarterly basis. The valuation process follows the British Venture Capital Association (BVCA) guidelines and is compliant with International Financial Reporting Standards (IFRS). The most generally accepted methodology of valuing infrastructure assets is by way of a discounted cash flow (DCF) analysis.

DCF-Based Market Valuation Process

Financial Model

The acquisition financial models of all the Fund's underlying investments will be externally audited prior to financial close. They will be used as the initial base financial models for the DCF analysis.

Update for Economic, Operational and Financial Assumptions

The economic assumptions in the financial models are adjusted every three months to reflect current market conditions. The main economic variables relate to interest rates, exchange rates and inflation.

The initial operational assumptions in each of the financial models are the acquisition forecasts. Any historical information (e.g., distributions received in an intervening period and year-to-date performance) will be updated within the model. In relation to forward-looking assumptions, the acquisition assumptions will continue to be used unless there is a material inconsistency between these assumptions and:

- The actual operational results to date
- The revised forecasts provided by management or approved by the board.

The financial assumptions in the model (e.g., cost of debt and capital structure) are also updated to reflect the actual debt put into place, current base rates and any material change in outlook with regards to future leverage.

Discount Rate

Equity cash flows are discounted at the acquisition internal rate of return, which is adjusted for changes in the relevant risk-free rate. The acquisition internal rate of return is the return, which is forecast under the acquisition case and price, reflecting the risks inherent in each of the investments. The difference between the acquisition internal rate of return and the risk-free rate at the date of acquisition equates to the risk premium, which is the risk compensation to equity holders.

Most of the Fund's assets are likely to see some decrease in the risk premium as assets are de-risked following acquisition. Such projects may have a changing risk "life cycle", whereby the risk changes as the asset matures. In addition, if there is a change in the inherent risk of an investment, then the risk premium may need to be reconsidered.

Pooled Property: AEW, UBS Property & LGIM LPI

Pooled properties have been valued in accordance with RICS valuation – Professional Standards VPS4 (7.1) fair value and VPGA 1 valuations for inclusion in financial statements, which adopts the definition of fair value used by the International Accounting Standards Board:

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

The properties are valued individually, and the details of tenure, tenancies and floor area are considered for valuation purposes.

Notes to the Pension Fund Account

Dislocation Fund: Blackstone

Fair value guidance defines fair value, establishes a framework for measuring fair value, and establishes requirements for disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

Investments in Investee Funds.

The fair value of investments in limited Consolidated Partnerships and investment funds and affiliated limited Consolidated Partnerships and investment funds ("Investee Funds") is generally determined using the reported net asset value per share of the Investee Fund, or its equivalent ("NAV"), as a practical expedient for fair value if the reported NAV of the Investee Fund is calculated in a manner consistent with the measurement principles applied to investment companies. In order to use the practical expedient, the AIFM has internal processes to independently evaluate the fair value measurement process utilized by the underlying Investee Fund to calculate the Investee Fund's NAV. Such internal processes include the evaluation of the Investee Fund's policies and related internal controls in place to estimate the fair value of its underlying investments that are included in the NAV calculation, performing ongoing operational due diligence, review of the Investee Fund's audited financial statements and ongoing monitoring of other relevant qualitative and quantitative factors.

Narrative and Quantitative description of sensitivity to changes in valuation methods and market conditions:

Private Equity

Market valuation method applied to investments is sensitive to four main components:

- i) changes in actual market prices.
- ii) interest rate risk.
- iii) foreign currency movements; and
- iv) other price risks

Private Finance (M&G)

The only possible sensitivity associated with private finance valuations and methodology is credit rating. This may result in an analyst impairing an asset if there is a change in the asset's credit rating.

Infrastructure: Macquarie

The economic assumptions in the financial models are adjusted every three months in order to reflect current market conditions. The main economic variables relate to interest rates, exchange rates and inflation.

Infrastructure: LCIV

See Direct Lending, LCIV Private Debt below

Direct Lending: Permira

The yield analysis methodology used to value the level 3 assets are sensitive to the following inputs:

- EURIBOR swap rates (up to 7 years)
- LIBOR swap rates (up to 7 years)
- ELLI (3 year discounted spread data)

These inputs are sourced directly from Bloomberg feeds or independently from Duff & Phelps (ELLI data) relevant to each period end date.

These inputs impact on: (1) the implied IRR calculations at the period end valuation date; (2) the forecast cash and/or PIK yields that track LIBOR or EURIBOR; and (3) ultimately the implied asset price calculated from these inputs as the period end to determine the valuation price.

Direct Lending: LCIV Private Debt

Investments are initially recognized at cost and subsequently measured at fair value. Investments are valued on a basis that the Manager considers fair and reasonable having considered the latest available valuation provided by the investment entity. The level of estimation uncertainty is significant, and actual values may differ significantly from estimates.

Purchases and sales are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver, an asset or liability arises. All realised and unrealised gains and losses on investments are recognized as net capital gains/(losses) in the Statement of Total Return. Unrealised gains and losses comprise changes in the fair value of investments for the period.

Pooled Property – AEW, UBS Property & LGIM LPI

Notes to the Pension Fund Account

Prevalent economic conditions may affect occupancy rate or possible default in rent payments and conversely affecting transaction values. Local authority intentions, planning proposals and onerous restrictions are some of the other factors to which Pooled Property assets transactions may be sensitive towards. These are:

- i) Market price risk: Future values of investments in direct property and related property investments will fluctuate due to changes in market prices.
- ii) Real Estate valuation changes: Property investments are illiquid assets and valuing is difficult.
- iii) Credit risk: counterparty (to a financial instrument) or tenant (of a property) will cause a financial loss to the Fund by failing to meet a commitment it has entered with the Fund.

15. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

	Designated as fair value through P&L	Assets at amortised cost	Financial Liabilities at Amortised Cost	Total	Designated as fair value through P&L	Assets at amortised cost	Financial Liabilities at Amortised Cost	Total
	31 March 2025 £'000	31 March 2024 £'000	31 March 2024 £'000	31 March 2024 £'000	31 March 2024 £'000	31 March 2024 £'000	31 March 2024 £'000	31 March 2024 £'000
Financial Assets								
Equities	27	-	-	27	29	-	-	29
Pooled Investments	1,195,087	-	-	1,195,087	1,156,809	-	-	1,156,809
Pooled property investments	194,432	-	-	194,432	190,438	-	-	190,438
Private Equity	2,993	-	-	2,993	5,521	-	-	5,521
Cash	-	13,793	-	13,793	-	8,316	-	8,316
Other Investment balances	-	80	-	80	-	269	-	269
	1,392,539	13,873	-	1,406,412	1,352,797	8,585	-	1,361,382
Total	1,392,539	13,873	-	1,406,412	1,352,797	8,585	-	1,361,382

15A. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

Financial Assets	31 March 2025 £000's	31 March 2024 £000's
Designated at Fair Value through profit and (loss)	52,595	129,976
	52,595	129,976

16. NATURE & EXTENT OF EXPOSURE TO 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. 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 Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency, and interest rate risks) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

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 Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

Market risk

The risk that the fair value of cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks. To mitigate against market risk the Pension Fund invests in a diversified pool of assets to ensure a reasonable balance between different categories. The management

Notes to the Pension Fund Account

of the assets are placed with a few fund managers with different performance targets and investment strategies. Each fund manager is expected to maintain a diversified portfolio in each asset class. Risks associated with the strategy and investment returns are included as part of the quarterly reporting to Pensions Committee where they are monitored and reviewed.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instruments or its issuer, or factors affecting all such instruments in the market. The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The potential losses from shares sold short are unlimited. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund Investment Strategy Statement.

Other price risk - Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year, the Fund has determined that the following potential change in market price risk are reasonably possible for the relevant reporting periods.

Potential price changes are determined based on the observed historical volatility of asset class returns. 'Riskier' assets such as equities will display greater potential volatility than bonds as an example, so the overall outcome will depend largely on Fund asset allocations. The potential volatilities are consistent with one standard deviation movement of the change in value of assets over the last three years. This can then be applied to period end asset mix.

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

Asset Type	Value as at 31 March 2025 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
Global Equity	763,763	12.00%	855,415	672,111
UK Equity	27	12.00%	30	24
Bonds	231,038	8.50%	250,676	211,400
Alternatives	203,279	5.40%	214,256	192,302
Property	194,432	6.20%	206,487	182,377
Total	1,392,539		1,526,864	1,258,214

Note: Bonds valuation in the table above includes pooled fund held bonds.

Asset Type	Value as at 31 March 2024 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
Global Equity	770,458	12.10%	863,683	677,233
UK Equity	29	12.10%	33	25
Bonds	229,796	9.10%	250,707	208,885
Alternatives	162,054	3.60%	167,888	156,220
Property	190,460	6.80%	203,411	177,509
Total	1,352,797		1,485,723	1,219,871

Note: Bonds valuation in the table above includes pooled fund held bonds.

Notes to the Pension Fund Account

Interest Rate Risk - The risk to which the Pension Fund is exposed to changes in interest rates and relates to its holdings in bonds and cash. Based on interest received on fixed interest securities, cash, and cash equivalents.

The Fund's direct exposure to interest rate movements as of 31 March 2024 and 31 March 2023 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 value of net assets available to pay benefits. A 100 basis points (1%) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

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 +/- 1% change in interest rates.

	Value as at 31 March 2025	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Assets exposed to interest rate risks				
Cash balances	15,362	154	15,516	15,208
Bonds - pooled funds	231,038	2,310	233,348	228,728
Total change in assets available	246,400	2,464	248,864	243,936

	Value as at 31 March 2024	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Assets exposed to interest rate risks				
Cash balances	8,984	90	9,074	8,894
Bonds - pooled funds	229,796	2,298	232,094	227,498
Total change in assets available	238,780	2,388	241,168	236,392

Currency Risk - The risk to which the pension fund is exposed to fluctuations in foreign currency exchange rates.

The Pension Fund can set up a passive currency hedge where these risks are perceived to be adverse. As of 31 March 2024, the Fund had no currency hedge in place for those managers who do not hedge their own portfolios. The following table summarises the fund's currency exposure as of 31 March 2024 and as at the previous period ending 31 March 2023.

Currency exposure by asset type

Currency risk sensitivity analysis

Following analysis of historical data in consultation with PIRC Ltd, the Funds data provider, the Fund considers the likely volatility associated with foreign exchange rate movements to be 6.1%, based on the data provided by PIRC. A 6.1% fluctuation in the currency is considered reasonable based on PIRC's analysis of historical movements in month end exchange rates over a rolling twelve-month period. This analysis assumes that all variables, in particular interest rates, remain constant. Managers that hedge against currency risk are not included in this sensitivity analysis. A 6.1% strengthening/weakening of the pound against various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Notes to the Pension Fund Account

Assets exposed to currency risk

	Asset Value 31 March 2025	Potential market movement	Value on increase	Value on decrease
		6.10%		
	£'000	£'000	£'000	£'000
Pooled Funds	633,163	38,623	671,786	594,540
Private Equity/Infrastructure	72,214	4,405	76,619	67,809
	705,377	43,028	748,405	662,349

Assets exposed to currency risk

	Asset Value 31 March 2024	Potential market movement	Value on increase	Value on decrease
		6.10%		
	£'000	£'000	£'000	£'000
Pooled Funds	663,973	40,502	704,475	623,471
Private Equity/Infrastructure	71,834	4,382	76,216	67,452
	735,807	44,884	780,691	690,923

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

The Pension Fund's entire investment portfolio is exposed to some form of credit risk, except for the derivative position, where the risk equates to the net market value of a positive derivative position. Credit risk can be minimised through careful selection of high-quality counterparties, brokers, and financial institutions. The Pension Fund is also exposed to credit risk through Securities Lending, Forward Currency Contracts, and its daily treasury activities. The Securities Lending programme is run by the Fund's custodian Northern Trust which assigns four different risk management oversight committees to control counterparty risk, collateral risk, and the overall securities lending programme. The minimum level of collateral for securities on loan is 102%, however more collateral may be required depending on the type of transaction. To further mitigate risks, the collateral held on behalf of the pension fund is ring fenced from Northern Trust. Securities lending is capped by investment regulations and statutory limits are in place to ensure no more than 25% of eligible assets can be on loan at any one time.

The prime objective of the Pension Fund treasury management activity is the security of principal sums invested. As such it will take a prudent approach to organisations employed as the banker and deposit taker. The Pension Fund will ensure it has adequate but not excessive cash resources in order to meet its objectives. The bank accounts are held with NatWest Bank, which holds an S&P long-term credit rating of A. Deposits are placed in the AAAM rated Northern Trust Money Market Fund which is ring fenced from the administering company. Credit ratings, market indicators and media coverage are monitored to ensure credit worthiness is maintained. The Fund's cash holding under its treasury management arrangements on 31 March 2025 was £15,308k (31 March 2024: £8,984k) and this was held with the following institutions:

Summary	Rating S&P	Balances as at 31 March 2025 £'000	Rating S&P	Balances as at 31 March 2024 £'000
Money market funds				
Northern Trust	AAAm	13,793	AAAm	8,316
Bank current accounts				
NatWest	A+	1,569	A+	668
Total		15,362		8,984

Liquidity Risk - The risk the Pension Fund will have difficulties in paying its financial obligations when they fall due.

The Pension Fund holds a working cash balance in its own bank accounts with NatWest as well as Money Market Funds to which it has instant access to cover the payment of benefits and other lump sum payments (£1,569k). At an investment

Notes to the Pension Fund Account

level the fund holds a large proportion of assets in instruments which can be liquidated at short notice, normally three working days. As of 31 March 2025, these assets totalled £1,034,192k, with a further £13,739k held in cash in the Custody accounts at Northern Trust.

Refinancing risk

The key risk is that the fund will be bound 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.

17. FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a revaluation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last valuation took place as of 31 March 2022 setting rates for the period April 2023 to March 2026. The next triennial valuation will take place as of 31 March 2025.

In line with the triennial valuation the Fund updates its Funding Strategy Statement every three years. The key elements of the funding strategy are:

1. 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.
2. to ensure that employer contribution rates are as stable as possible.
3. 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.
4. to reflect the different characteristics of employing bodies in determining contribution rates where it is reasonable to do so.
5. 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 funding level is the ratio of assets to liabilities at the valuation date. A funding level of less/more than 100% implies that there is a deficit/surplus in the Fund at the valuation date against the funding target. Funding plans are set to eliminate any deficit (or surplus) over the set time horizon and therefore get back to a funding level of 100%. To do so, additional contributions may be required to be paid into the Fund; these contributions are known as the "secondary rate".

At the 2022 actuarial valuation, the Fund was assessed as 88% funded (87% at the March 2019 valuation). This corresponded to a deficit of £167m (2019 valuation: £161m) at that time. The slight improvement in funding position between 2019 and 2022 is mainly due to investment performance over the inter-valuation period. The liabilities have also increased due to a reduction in the future expected investment return, although this has partially been offset by lower-than-expected pay and benefit growth (both over the inter-valuation period and forecast to continue into the long term).

Significant events

The figures in this report are based on our understanding of the benefit structure of the LGPS in England and Wales as of 31 March 2022. Details can be found at <http://www.lgpsregs.org/>.

Contribution rates

The table below summarises the whole Fund Primary and Secondary Contribution rates at this triennial valuation. These rates are the payroll weighted average of the underlying individual employer primary, and the total of employer secondary rates expressed as a monetary amount, calculated in accordance with the Regulations and CIPFA guidance.

Primary Rate (%) 1 April 2023 - 31 March 2026	Secondary		
	2023/24	2024/25	2025/26
19.60%	£6,682,000	£6,897,000	£7,120,000

Notes to the Pension Fund Account

The Primary rate above includes an allowance for administration expenses of 0.8% of pay. The employee average contribution rate is 6.7% of pay.

At the previous formal valuation on 31 March 2019, a different regulatory regime was in force. Therefore, a contribution rate that is directly comparable to the rates above is not provided.

The valuation of the Fund has been undertaken using a risk-based approach, this approach recognises the uncertainties, and risks posed to funding and follows the process outlined below:

Step 1: The Fund sets a funding target (or funding basis) which defines the target amount of assets to be held to meet the future cash flows. The assumptions underlying the funding target are discussed further in the next section. A measurement is made at the valuation date to compare the assets held with the funding target.

Step 2: The Fund sets the time horizon over which the funding target is to be reached.

Step 3: The Fund sets contributions that give a sufficiently high likelihood of meeting the funding target over the set time horizon.

Assumptions

Due to the long-term nature of the Fund, assumptions about the future are required to place a value of the benefits earned to date (past service) and the cost of benefits that will be earned in the future (future service). Assumptions fall into three categories when projecting and placing a value on the future benefit payments and accrual – financial, demographic and Commutation.

Financial Assumptions

A summary of the financial assumptions underpinning the target funding basis and adopted during the assessment of the liabilities of the Fund as of 31 March 2022 (alongside those adopted at the previous valuation for comparison) are shown below.

Description	31 March 2022	31 March 2019
Funding Basis Discount Rate	4.1%	4.0%
Benefit Increases (CPI)	2.7%	2.3%
Salaries Increases	3.2%	2.6%

Demographic Assumptions

The main demographic assumption to which the valuation results are most sensitive is that relating to the longevity of the Fund's members. The longevity assumptions have changed since the previous IAS26 disclosure for the Fund. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.7 years	24.4 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	22.4 years	25.6 years

All other demographic assumptions are unchanged from last year and are as per the latest funding valuation of the Fund.

Commutation assumptions

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 85% of the maximum tax-free cash for post-April 2008 service.

Notes to the Pension Fund Account

18. 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.

The IAS19 balance sheet is based on financial market values and future market expectation indicators as of 31 March 2022 to comply with the accounting standard.

Description	31 March 2025 % per annum	31 March 2024 % per annum
Inflation /Pensions Increase Rate	2.8%	2.8%
Salary Increase Rate	3.3%	3.3%
Discount Rate	5.8%	4.8%

An IAS 26 valuation was carried out for the Fund as of 31 March 2025 by Hymans Robertson with the following results:

Description	31 March 2025 £m	31 March 2024 £m
Present Value of Promised Retirement Benefits	1,283	1,482
Active Members	419	468
Deferred Members	304	368
Pensioners	560	646

**Incorporates an allowance for the potential increase in liabilities arising from the McCloud judgement and GMP indexation*

These figures are presented as required by IAS 26. They are not relevant for the calculations undertaken for funding purposes or other statutory purposes under UK pension legislation. This item is not recognised in the Net Asset Statement, hence is considered not to be in opposition to the assertion included in the Net Asset Statement surrounding future liabilities of the Fund.

The promised retirement benefits on 31 March 2025 have been projected using a roll forward approximation from the latest formal funding valuation as of 31 March 2022. The above figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value.

Note that the above figures on 31 March 2025 (and 31 March 2024) include an allowance for the "McCloud ruling", i.e., an estimate of the potential increase in past service benefits arising from this case affecting public service pension schemes.

Net Liability

The table below shows the total net liability of the Fund as of 31 March 2025. The figures have been prepared by Hymans Robertson, the Fund's actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pension's legislation. In calculating the required numbers, the actuary adopted methods and assumptions that are consistent with IAS19.

Description	31 March 2025 £m	31 March 2024 £m
Present Value of Promised Retirement Benefits	(1,283)	(1,482)
Fair Value of Scheme Assets (bid value)	1,409	1,361
Net Liability	126	(121)

Notes to the Pension Fund Account

19. Going Concern

The Pension Fund accounts, and Notes have been prepared on a going concern basis. The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in the United Kingdom 2024/25) in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

The Fund's triennial valuation on 31 March 2022 reported a funding level of 88%. Currently, contributions and investment income are sufficient to fund benefits as they fall due without the need to liquidate investments. The Fund is currently operating with a cash flow surplus. If a need to obtain liquidity arises, approximately 71% of the Fund's assets are held in liquid investments.

A cash flow forecast covering the period 01 April 2025 to 31 March 2026 has been produced to confirm the solvent position and outlook of the Pension Fund over the period stated above.

20. RELATED PARTY TRANSACTIONS

It is required under IAS 24 "Related Party Disclosures" that material transactions with related parties which are not disclosed elsewhere should be included in a note to the financial statements. The London Borough of Hillingdon is a related party to the Pension Fund, represented by the Pensions Committee members. The committee is responsible for management of fund assets, including investment directions and administration of the fund. List of committee members may be found in Note 1C. The revenue contributions the Council has made into the Pension Fund are set out in note 4 to the Pension Fund accounts. No senior officer or Pension Committee member had any interest with any related parties to the Pension Fund.

Key Management Personnel

Two employees of the London Borough of Hillingdon held key positions in the financial management of the London Borough of Hillingdon Pension Fund. These employees are the Section 151 officer, and the Director of Pensions, Treasury & Statutory Accounts. Total remuneration payable to key management personnel is set out below:

	31 March 2025 £'000	31 March 2024 £'000
Short term benefits	125	111
Post employment benefits	136	112
	261	223

The Pensions Committee of the London Borough of Hillingdon Pension Fund ("the Fund") has prepared an Investment Strategy Statement (ISS) in accordance with the MHCLG Guidance on Preparing and Maintaining an Investment Strategy Statement.

As set out in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the Pensions Committee will review this Statement from time to time, but at least every three years, and revise it as necessary. Also, in the event of a significant change, changes will be reflected within three months of the change occurring. The current version of the ISS is available on the pension fund pages of the Council's website: www.hillingdon.gov.uk and included in the Annual Report.

21. BULK TRANSFER

There was a bulk transfer out of £1,722,606 in the 2024–25 financial year. This transfer was made on behalf of Orchard Hill College Academy Trust (OHCAT).

The amount relates to two employers within OHCAT:

- Pride Academy
- The Skills Hub

Notes to the Pension Fund Account

22. CONTRACTUAL COMMITMENTS

Outstanding capital commitments (investments) as of 31 March 2025 totalled £78,201k (£84,523k on 31 March 2024).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the Private Equity, Infrastructure, Property and Private Credit parts of the portfolio. The amounts called by these funds vary both in size and timing over a period of up to six years from the date of each original commitment.

23. CONTINGENT ASSETS

Four admitted body employers in the London Borough of Hillingdon Pension Fund hold insurance 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. Total value of bonds held come to £153,000.00.

24. POST BALANCE SHEET EVENTS

Events taking place after the 31st of March 2025 are not reflected in the financial statements or notes, unless they are of such importance that non-disclosure would affect the ability of users to make proper evaluations and decisions. Where events taking place before this date provided information about conditions existing on 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no events to report after the Balance Sheet date that deem adjustment or disclosure in the accounts.

Annual Governance Statement 2024/25

Hillingdon Council Annual Governance Statement 2024/25

1. EXECUTIVE SUMMARY

The London Borough of Hillingdon Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, safeguarding public money, and using resources economically, efficiently, and effectively. The governance framework comprises systems, processes, culture, and values that direct and control the authority and engage with the community. The system of internal control is also designed to manage risk to a reasonable level.

This statement meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 which require an authority to conduct a review at least once a year of the effectiveness of its system of internal control and to include a statement reporting on the review with the published Statement of Accounts. Regulation 6(1)(b) requires that the statement is an Annual Governance Statement (AGS) which must be prepared in accordance with proper practices in relation to the accounts.

The governance arrangements in place during the 2024/25 financial year have been reviewed and this Statement produced in accordance with the CIPFA guidance. The review was overseen by the Corporate Governance Board comprising key statutory officers and stakeholders.

Overall Opinion on Governance and being Fit for Purpose

The governance framework is aligned with the seven principles of good governance as identified in the CIPFA/SOLACE 2016 Framework set out below:



The Council's Local Code of Corporate Governance is reviewed annually and shown here:

[Council constitution and delegations - Hillingdon Council](#)

The governance framework has been in place for the year ended 31st March 2025 and up to the date of approval of the 2024/25 Statement of Accounts.

Overall, this review concludes that internal control and governance systems as set out in the Local Code of Governance were in place for the financial year 2024/25. However there were a number of key areas of improvement to be taken further during 2025/26:

Annual Governance Statement 2024/25

- 1. Financial Governance and Oracle
- 2. Financial sustainability
- 3. Directorate Governance
- 4. Capacity and Organisational Change
- 5. Performance Management Framework
- 6. Impacts of Heathrow Airport and Asylum

The Council is committed to improving governance on a continuing basis through a process of evaluation and review. The governance outlook includes the implementation of the Digital and Information element of the Corporate Services Directorate to modernise systems and data across the Council, Council initiated transformation projects and a Zero-Based Budgeting exercise to manage pressures and identify areas of innovation. The Council is dedicated to ensuring that governance will be fit for purpose.

Approved by:

Chief Executive
Tony Zaman

Leader of the Council
Councillor Ian Edwards

Date: 31 July 2025

Date: 22 August 2025

2. OUR ASSESSMENT OF EFFECTIVENESS

Conducting the Annual Review

The review of effectiveness was conducted through a combination of internal and external assessments as set out in the diagram below:



This review has been, and will continue to be, overseen by a new Corporate Governance Group chaired by the Monitoring Officer and comprising the Chief Operating Officer, Head of Legal Services and s151 Officer with input as and when required from the Head of Internal Audit and the Democratic Services Manager.

Annual Governance Statement 2024/25

Alignment with Planned Outcomes and Value for Money

Arrangements are in place to support the authority's delivery of planned outcomes and meet its responsibilities for value for money/best value.

All London's Boroughs are having to absorb unfunded cost pressures arising from the Government's increase in Employer National Insurance and the minimum wage, higher than forecast inflation and unanticipated and exceptional demand pressures for housing and social care. London Councils' have reported that boroughs overspent on their homelessness budgets by at least £330m in 2024/25 and they estimated that the total overspend by all of London Boroughs Councils will be more than £700m.

Unlike other local authorities, Hillingdon incurs additional costs as a result of being home to Heathrow Airport and the surrounding hotels commissioned by the Home Office during the pandemic, which have been used to house people seeking asylum. The Council is paying £5 million annually to support individuals seeking asylum as well as those evicted from hotels by the Home Office.

The Council is committed to a strategy of "Putting Residents First" requiring it to be responsive to residents' needs for high quality universal and statutory services whilst doing all it can to keep council tax and charges as low as possible. This is achieved through transforming how the Council operates and lowering its consequent costs. The Council has delivered savings averaging £11.0m per year over the last 10 years but owing to the present funding pressures savings of £15.8m were required for 2024/25, with roll forward savings taking total planned delivery for 2024/25 to £21.5m, of which £7.1m were achieved by year end, with £10.8m written out of the Council's budget that can no longer be delivered with the remaining balance of £3.6m planned for delivery in 2025/26.

The budget for 2024/25 also required the use of £28.5m from reserves which is not sustainable and further cost reduction or income growth is required moving forwards. To that end Cabinet decided to consult on the introduction of a charge for the collection of garden waste for 2025/26 as well as to further increase fees and charges. There has also been substantial progress on the outsourcing of the Council's early years' service which is expected to be complete in 2025/26, along with the outsourcing of the running of its golf courses and the insourcing of care provision for both young and older residents. A new operator for the Beck Theatre has also been secured eliminating the need for ongoing operating subsidy.

The Government's Fair Funding Review 2.0 - a new assessment of how much money local authorities should receive from the Government - has identified Hillingdon Council as being significantly underfunded for several years. Whilst the Government's intention has been to rectify this, the conclusion of the review was delayed by the Covid pandemic and recovery, now to be introduced in 2026/27 onwards.

The outturn position for 2024/25 presents a £31.5m overspend (representing a £20.5m adverse movement from Month 10). However, the overspend of Service Operating Budgets forms a relatively minor amount of £1.3m within the £20.5m adverse movement. Service delivery within the Council continues to be well run, with the spend on frontline services being below our comparator group (predominantly Outer London Boroughs) whilst continuing to receive good ratings from external oversight bodies. The majority of the overspend emerged from a review of the balance sheet being undertaken as a part of the council's Financial Modernisation Programme.

The Financial Improvement Programme was devised in autumn of 2024 following the challenges with stabilising the Council's budget for the past two to three years. The programme will strengthen the Council's financial capacity and capability across both the Finance department and the wider organisation. Within this programme there are a number of workstreams, including a review of the Council's Balance Sheet and accounting practices. That workstream has uncovered a number of accounting errors or assumptions going back as far as 2013/14 that need to be rectified and written out of the Council's accounts in the 2024/25 outturn position. Whilst these issues are clearly very problematic, the Council has recognised the need to unpack the accounts to understand year on year movements across balances and reserves.

The Section 151 Officer and the Chief Executive met with the Ministry of Housing, Communities and Local Government (MHCLG) in the last quarter of 2024 and twice in 2025 to discuss the council's changing financial circumstances and the efforts being made to manage it.

Several transformation projects were also initiated during 2024/25 to manage financial pressures, including a Zero-Based Budgeting, star chambers and a recruitment spend control panel.

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External Assurance Providers and Internal Audit's Annual Conclusion

Internal Audit conducted 45 audits consisting of 29 assurance reviews, 10 advisory reviews and 7 grant claim audits which is consistent with past years. There was a decrease from 63% to 48% in the proportion of assurance reviews resulting in 'substantial' or 'reasonable' assurance. As a consequence, the Head of Internal Audit provided a 'No' level of assurance on the Council's internal control environment for 2024/25, noting the impact of the significant transformation work undertaken during the year. The Internal Audit team also delivered an advisory report on Directorate Governance in September 2024, which contained five recommendations for improvement. The council took immediate action and began to formulate the Governance Review Improvement Plan (GRIP), which sets out a programme for implementing these recommendations (detailed further below).

- External Auditors: Ernst & Young's Final Audit Report 2023/24 opinion, issued in March 2025, highlighted financial challenges and significant weaknesses in financial sustainability and the quality of Council information. These were reflected in the 2023/24 updated Annual Governance Statement. The Report contained seven recommendations for improvement. These recommendations were immediately incorporated into the GRIP in April 2025.

How the Overall Opinion has been agreed

The review of effectiveness was conducted through a combination of internal and external assessments, including the Corporate Governance Group Review, Internal Audit Reports, and External Auditor Reports.

The review also took into consideration the operating environment during 2024/25. There has been a significant focus on developing new ways of working and fast paced change to address the increasing demand pressures in key areas such as adult social care, children and young people services and homelessness. This increased transformational work was essential to ensure long-term stability. However, it also impacted on governance arrangements due to the limited resources available at a senior level, increased uncertainty around performance data and forward planning, and previous processes were stepped down due to a wider review of roles in the finance directorate.

Overall, this review concludes that internal control and governance systems as set out in the Local Code of Governance were in place for the financial year 2024/25, however there were a number of key areas of improvement to be taken further during 2025/26.

These areas for improvement are set out in section 3 (below).

3. WHERE OUR GOVERNANCE NEEDS TO IMPROVE

Hillingdon Council has implemented a range of improvement actions to strengthen governance arrangements and control systems as part of its overall continuous improvement programme. A review of the effectiveness of the core governance arrangements identified the following issues in 2024/25, along with the actions to address them in 2025/26:

Gaps & failures during the year and where core arrangements were not operating effectively	Action Plans taken to improve these areas
Financial Governance & the Oracle Project: Financial Governance arrangements were impacted during 2024/25 following the implementation of the Oracle system. Key areas of improvement include greater understanding and ownership of budgets at a service level and addressing data quality issues and reliance on manual calculations and adjustments.	There is a Finance Modernisation Programme in place implemented in April 2025, although the Oracle implementation element began in September 2024. The programme deals with the depth and breadth of financial structures, systems and processes. Plans to implement recommendations relating to the improvement of Financial Governance are addressed in the GRIP document Workstream 1. Key actions include stronger spend control measures, robust savings programmes, and training to embed awareness of financial responsibilities and financial regulations at all levels of the organisation.
Financial Sustainability: In 2024/25 the Council continued to face increasing demand for front line services with unmatched funding. The outturn	The Council is currently taking steps to manage down pressures, this includes as part of the Finance Modernisation Programme, ensuring the Council is on top of the saving programme for 2025/26 which

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Gaps & failures during the year and where core arrangements were not operating effectively	Action Plans taken to improve these areas
<p>position presents a £31.5m overspend (representing a £20.5m adverse movement from Month 10). A review of the Council's Balance Sheet and accounting practices also uncovered a number of accounting errors or assumptions going back as far as 2013/14 that need to be rectified and written out of the Council's accounts. Due to those periods being closed, the Council has recognised them as an £14.1m adverse movement in the 2024/25 outturn position.</p> <p>This resulted in a closing balance of total reserves of £6.7m.</p>	<p>includes £34.0m of new savings, plus £4.8m of savings yet to be delivered from previous years, taking the total to £38.8m.</p> <p>The Chief Finance Officer has also advised the Government office responsible for local government, the Ministry for Housing, Communities and Local Government (MHCLG) and is in active discussions about requesting Exceptional Financial Support.</p> <p>As above, recommendations relating to the improvement of Financial Governance are addressed in the GRIP document Workstream 1 and include stronger spend control measures and training to embed awareness of financial responsibilities and financial regulations at all levels of the organisation.</p>
<p>Directorate Governance: A number of times over the year senior management resources were reallocated to focus on strategic reviews and transformational projects. This has impacted on the capacity within senior leadership teams to dedicate adequate time for accountable officers to collate, review and consider core governance reports and related actions. It was also highlighted inconsistencies in relation to reporting and governance arrangements had developed across directorates.</p>	<p>Plans to implement recommendations relating to the improvement of Directorate Governance are addressed in the GRIP document Workstream 2. Key actions include embedding a consistent approach to directorate governance by utilising a new template agenda and action log and developing performance dashboards to provide accurate and timely information in line with agreed priority areas. Improvements in relation to the presentation and scrutiny of finance data within directorates are also being addressed as part of the finance modernisation programme and GRIP document Workstream 1.</p>
<p>Capacity and Organisational Change: 2024/25 was a year of discovery and rapid transformational change across the Council to identify new ways of working. This has resulted in many long-standing processes, policies and procedures becoming outdated and new processes will take time to be embedded within all day-to-day operations.</p>	<p>The Business Design Authority implemented in 2024/25 is now more established to critically assess any business cases related to digital and intelligence projects. This includes finance and procurement representatives to ensure value for money.</p> <p>The transformation team has also moved to work with digital and provide additional support in relation to change management and there is now a project tracker in place to monitor the ongoing projects, outputs and benefits each month. They have also increased focus on change management and embedding changes into everyday practice.</p> <p>Action plans have also been developed to address specific areas of improvement and monitored through defined governance groups to ensure they are embedded in a timely manner. These groups include the Workforce Improvement Board, monitoring improvements around HR compliance, and the Land and Property Group, implementing stronger asset management arrangements.</p>
<p>Performance Management Framework: During 2024/25 significant work has been undertaken to collate performance data from key council systems and develop accurate performance dashboards to aid monitoring arrangements and effective decision making at both Corporate Management Team and Cabinet Member level. There are still areas of improvement to address, including aligning information to priority areas and working with services to improve forecasting information.</p>	<p>There is a dedicated Business Intelligence Team working with services and the Corporate Management Team to improve the accuracy of information and develop key performance indicators for key priority areas of review.</p> <p>There are now over 100 Power BI dashboards in place across the Council, with plans for a further 90 to be developed in 2025/26. These dashboards will also be aligned with wider corporate and directorate</p>

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Gaps & failures during the year and where core arrangements were not operating effectively	Action Plans taken to improve these areas
	objective as part of the Finance and Business plans.
Heathrow Airport: By being home to Heathrow Airport, the Council has a longstanding disproportionate responsibility to support unaccompanied asylum-seeking children (UASC). However, this has been further compounded by a growing number of British passport holders arriving at Heathrow and requiring Council assistance. The Council also has a high number of asylum seekers placed in Hillingdon by the Home Office. As this occurs in an unplanned way, it is difficult to manage the impact of this through routine governance arrangements. The impact is on the statutory responsibilities the Council and other agencies have, and on local charities and volunteering, all of which receive no additional financial support, which then has an impact on the ordinarily available support services in the borough for residents.	The Council is in regular discussion with the Home Office and Ministry of Housing, Communities and Local Government to address the financial impact. Further work is also being undertaken by the Homes and Communities directorate as part of their wider Temporary Accommodation Action Plan.

Monitoring of Actions Plans to address these

The progress of these action plans will be monitored through:

- CMT meet weekly
- Monthly review by the Corporate Governance Group
- Regular updates to the Corporate Management Team and Directorate structure
- Oversight by the Audit Committee, including regular updates on the GRIP programme.
- Cabinet Portfolio Holder review and Financial scrutiny by select committees

4. How we have improved our governance arrangements in 2024/25

The governance issues identified in the previous year's statement are set out below and how these have been addressed or if further action is required.

Areas for improvement 2023/24	How these have been addressed and what further action is required
Financial sustainability: In 2023/24 the Council faced a high inflation environment and increased demand for front line services. The final outturn position reported an underspend of £2k against the Council's General Fund, however this relied on funding from Earmarked Reserves and a review of the balance sheet delivering a £9,443k one-off financial benefit. In total £11,727k was released from earmarked reserves, with £4,550k factored into the 2023/24 budget, £3,622k relating to additional inflationary pressures and £3,555k driven by demand for services. This resulted in a closing balance of total reserves of £35,181k. The Council recognises the scale of the financial challenges, with £34m of savings required for 2025/26, and has taken a number of steps since the end of 2023/24.	<ul style="list-style-type: none"> • The Council engaged external consultants for a zero-based budgeting exercise to identify efficiencies. • Senior officer star chambers were introduced to review operations and a budget review was conducted to remove optimism bias. • CIPFA was appointed to present an areas for improvement report • The council designed and sought a partner to support delivery of a finance modernisation programme. Which is now close to delivery of initial objectives • We continued to monitor the balance sheet review outcomes and adjusted financial strategies accordingly. • The council recognised the short comings in the Oracle implementation and negotiated a remedial programme of work which commenced in September 2024

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<p>Quality of Council Information: During their post year end audit of the 2023/24 Annual Accounts the Council's External Auditors highlighted difficulties performing their audit procedures, due to poor quality working papers and supporting information provided by the Council and capacity limitations within the Council's finance team. This was consistent with concerns raised by the Council's Internal Audit team during the year and overall the Council has not received unqualified accounts since 2021/22. The weaknesses in both financial and non-financial data quality increased the risk there are insufficient arrangements in place to ensure the Council takes properly informed decisions and supports challenge and transparency.</p>	<ul style="list-style-type: none"> • The Digital and Intelligence Directorate was established with a significant action plan to improve digital infrastructure and business intelligence. • the action plan of the Digital and Intelligence Directorate to improve data quality and digital infrastructure has been devised and implemented. • The FMP has as a required outcome the workbooks to ensure consistent approaches to financial management, controls and workings
<p>Dedicated Schools Grant (DSG): Rising costs and increased demand for High Needs funding to support students with Special Education Needs and Disabilities have consistently impacted the Council's ability to manage within the government funding for this area. At the time of this report, the DSG deficit is forecast to be nearly £70m by the end of 2024/25. Data quality issues were also uncovered in relation to historic cases, which impacted on the final outturn position.</p>	<ul style="list-style-type: none"> • Significant service changes were undertaken to address challenges and improve resilience. • Data quality issues were addressed, resulting in stabilized client numbers and reduced spend volatility. • Continuing to implement the plan agreed with the Department for Education to reduce in-year costs and improve data quality. • The council has been commended on its work by the DfE practice advisor
<p>Capacity Constraints: A number of times over the year finance systems, processes and vacancies in the service have resulted in reports being submitted to governance processes without adequate time for accountable officers to take ownership of the presented detail and related actions. Similarly, elected members have not always had sufficient time to consider so fully as they may prefer.</p>	<ul style="list-style-type: none"> • Approaches to address staffing shortages were initiated, and the implementation of Oracle, the new financial system, is underway to address identified challenges. • The FMP provides support on creating and right sizing the capacity and capability required for the council's finance function and associated practices
<p>Heathrow Airport: By being home to Heathrow Airport, the Council has a longstanding disproportionate responsibility to support unaccompanied asylum-seeking children (UASC). However, this has been further compounded by the high number of asylum seekers placed in Hillingdon by the Home Office. As this occurs in an unplanned way, it is difficult to manage the impact of this through routine governance arrangements. The impact is on the statutory responsibilities the Council and other agencies have, and on local charities and volunteering, all of which receive no additional financial support, which then has an impact on the ordinarily available support services in the borough for residents.</p>	<ul style="list-style-type: none"> • The Council is in regular discussion with the Home Office and MHCLG address the financial impact.

Other significant steps to improve governance.

During 2024/25 a dedicated Corporate Governance Group (CGG) has been established to oversee corporate governance across the organisation, with a particular remit to monitor delivery of the Governance Review Implementation Plan (GRIP). The CGG ensures significant governance weaknesses that may impact on the Council's objectives are appropriately identified, assessed, managed and reported to the Corporate Management Team where necessary. The CGG is chaired by the Monitoring Officer and members include the Chief Operating Officer, S151 Officer and Deputy Monitoring Officer.

The GRIP is a working document, subject to continual change and updating which seeks to establish a series of actions to review and improve governance in three key workstreams:

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1. Workstream 1: Financial Governance – a financial improvement plan has been established to capture and implement all the areas identified as being of concern in various internal and external reviews. These form the basis of a series of actions within the GRIP
2. Workstream 2: Directorate Governance (officer level decision-making) – work to standardise, streamline and improve corporate governance at a directorate level is underway.
3. Workstream 3: Democratic Governance (Member level decision-making, Constitutional) – an external, peer level review of the Constitution will be commissioned to ensure LBH is consistent with the very best practice.

5. Forward look on governance

Looking forward into 2025/26, the Council will continue to monitor progress against the Governance Review Improvement Plan and the three main workstreams. Additional action will be taken through the Corporate Governance Group to review any additional governance issues identified.

The Government's proposed new Local Government Funding formula identifies Hillingdon as being the most underfunded London Borough. Whilst the new formula has not been finalised there is a reasonable expectation that Hillingdon will be a beneficiary of the new formula and that future funding will be brought closer into line with our population growth and change in demand for statutory services. Notwithstanding this prospect, the Council is committed to further cost reduction to ensure it remains amongst the most cost efficient of all local authorities.

As at Month 2, the Council is forecasting a net overspend of £16.4m against normal operating activities, with Service Operating Budgets overspending by £22.8m, Corporate Budgets overspending by a further £9.1m, offset by the full drawdown of contingency of £10.5m, with this position being offset by £5.0m of planned interventions to reduce spend through work progressing to deliver the Council's Target Operating Model saving and through implementing spend control measures. The Council is currently reviewing all options to mitigate this pressure, which includes the delivery of the 2025/26 saving programme of £34.0m. The Finance Modernisation Programme and Finance Governance Workstream of the GRIP are both key to maintaining effective oversight of the savings programme. The council has now formally engaged with MHCLG about its financial position.

The Council will continue to monitor emerging legislation on key governance issues. For example, the anticipated guidance on potential changes to the standards regime and possible centralisation and standardisation of codes of conduct and procedures for hearing member complaint matters. In addition, the compliance with the new procurement legislation will be monitored to ensure procedures remain fit for purpose and appropriate training rolled out where required.

Although subject to final decision-making processes, the Council has proposals for the anticipated establishment of a new wholly owned company The Hillingdon Care Company (THCC), to host some of the council's directly provided adult social care services. The Council will need to ensure appropriate governance arrangements are in place, including proper oversight by both company directors on the one hand and the Council in its shareholder capacity on the other, in addition to sound financial management, compliance with company law requirements and related policies such as conflict of interest arrangements.

Glossary

ACCRUAL - A sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods received or work done, but for which payment has not been received/made by the end of the period.

ACCUMULATED ABSENCES ACCOUNT - Absorbs the differences arising from the statutory requirement to neutralise the impact on the General Fund Balance of accruing for compensated absences earned but not taken in year.

ACTUARIAL VALUATION - A valuation of assets held, an estimate of the present value of benefits to be paid, and an estimate of required future contributions, by an actuary, on behalf of a pension fund.

ACTUARY - An independent professional who advises on the financial position of the pension fund.

AGENCY SERVICES - The provision of services by one body (the agent) on behalf of another that is legally responsible for providing the service.

AMORTISED COST - The initial measurement will be at fair value, normally the amount of the originating transaction such as the receipt or loan advance less transaction costs. The effective interest rate is then calculated to the amount in the balance sheet at initial measurement. The result in the balance sheet carrying amount (the amortised cost) and a profile of interest charges that might be different from the amounts specified in the contract as being for interest and principal.

ASSET - Something that will be used by the Council over a long period of time and has a lasting value (e.g. land, buildings, and roads). See also **COMMUNITY ASSETS**, **NON-CURRENT ASSET**, **INFRASTRUCTURE ASSETS**, **ASSETS HELD FOR SALE**, **NON-OPERATIONAL** and **OPERATIONAL ASSETS**.

ASSETS HELD FOR SALE - Assets that are being actively marketed for sale and are expected to be sold within the next financial year.

BAD DEBT PROVISION – See “Impairment Allowance” below.

BALANCES - Unallocated reserves held to resource unpredictable expenditure demands.

BUDGET - A statement of the Council's plans for services expressed in money shown over one or a number of years.

CAPITAL ADJUSTMENT ACCOUNT - The Capital Adjustment Account represents the balance of capital resources set aside to finance capital expenditure awaiting the consumption of those resources (i.e. depreciation or impairment).

CAPITAL CHARGE - A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

CAPITAL EXPENDITURE - Spending on assets (e.g. land, buildings, roads etc.) that adds to and not merely maintains the value of an existing fixed asset.

CAPITAL RECEIPTS - The proceeds from the sale of land, buildings or other assets. Capital receipts can be used to pay for new capital expenditure, within rules set down by the Government, or to repay outstanding loans.

CASH EQUIVALENT - Amounts held as short-term deposits which are readily convertible into cash.

CIPFA - The Chartered Institute of Public Finance and Accountancy is the professional accounting body that specialises in the public services.

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

CONTINGENCY - Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income.

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

Glossary

CONTINGENT LIABILITY - A contingent liability is either:

- a) A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- b) Past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

COUNCIL TAX - The local tax based on relative market values of residential property, which helps to fund local services.

CREDITORS / PAYABLES - Amounts owed by the Council for goods and services received where payment has not been made at the date of the balance sheet.

CREDIT RISK - Risk that other parties might fail to pay amounts due to the Council

CURRENT ASSET - An asset held, which will be consumed or cease to have value within the next financial year; examples are stocks and debtors.

CURRENT LIABILITY - An amount which will become payable or could be called in within the next accounting period; examples are creditors and cash overdrawn.

CURRENT SERVICE COST - The increase in the present value of Pension Fund Liabilities expected to arise from current year service.

DEBTORS / RECEIVABLES - Amounts owed to the Council for goods and services provided but not received at the date of the balance sheet.

DEDICATED SCHOOLS GRANT - A specific grant for funding of schools and is ring fenced to the Schools Budget.

DEPRECIATION - The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

DIRECT REVENUE FINANCING (revenue contributions to capital) - Resources provided from the Council's revenue budget to finance the cost of capital projects.

DISTRICT AUDITOR - An auditor employed directly by the Audit Commission to audit the accounts of local authorities.

EARMARKED RESERVES - Amounts set aside for a specific purpose or a particular service or type of expenditure.

EFFECTIVE INTEREST RATE - The rate of interest that will discount the estimated cash flows that take place over the life of the instrument.

EMOLUMENTS - All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

EXCEPTIONAL ITEMS - Material items that fall within the ordinary activities of the Council that need to be disclosed in order to present the accounts fairly.

EXTRAORDINARY ITEMS - Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur.

FAIR VALUE - the price at which an asset could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FEES AND CHARGES - Income raised by charging users of services.

Glossary

FINANCE LEASE - A method of paying for capital expenditure where a rent is paid for an asset during its useful life. Finance Leases are treated as capital. See **OPERATING LEASE**.

FINANCIAL YEAR - The period covered by a set of financial accounts - the Council's financial year commences 1 April and finishes 31 March the following year.

GENERAL RESERVE - amounts remaining unspent on revenue account after taking account of all expenditure and income for the year. The General Reserve is required to enable the Council to meet potential business risks in the future so that services will not be affected financially should unexpected events occur.

GOING CONCERN - The concept that an entity will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assumes no intention to significantly curtail the scale of operations.

GOVERNMENT GRANTS - Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the Council.

GROSS EXPENDITURE - The total cost of providing the Council's services before taking into account income from government grants and fees and charges for services.

IMPAIRMENT - A reduction in the value of a fixed asset below its previously assessed value in the balance sheet.

IMPAIRMENT ALLOWANCE - Amounts set-aside in the accounts towards potentially irrecoverable debts. This amount reduces the value of the Debtors in the Consolidated Balance Sheet (previously known as "Bad Debt Provision").

INCOME - Amounts due that has been or is expected to be received.

INFRASTRUCTURE ASSETS - Fixed assets that have no alternative use and are intended to be held in perpetuity. Examples of infrastructure assets are highways and footpaths.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) - Statutory guidelines by which the accounts have to be prepared, implemented for the first time in the 2010/11 accounts.

INVENTORIES - The amount of unused or unconsumed stocks held in expectation for future use.

INVESTMENT PROPERTIES - Assets held solely for capital appreciation or to earn rental and not to meet service objectives.

INVESTMENTS - Short-term investments are those maturing within one year if the balance sheet date, any investments maturing more than one year after the balance sheet date are treated as long-term investments.

LOANS AND RECEIVABLES - Financial assets (excluding derivatives) that have fixed or determinate payments and that are not quoted in any active market. Loans and receivables are carried at amortised cost. The income and expenditure account is charged with interest receivable, impairment losses and any gain or loss on "de-recognition". Movements in fair value during the life of the asset are not recognised.

LIABILITIES - Money owed to individuals or organisations that will be paid at some time in the future.

LIQUIDITY RISK - The risk that the Council might not have funds available to meet its commitments to make payments.

MARKET RISK - The risk that the Council will loss out financially as a result in market factors such as interest rates or stock market movements.

MINIMUM REVENUE PROVISION - (MRP) - The minimum amount, which must be charged each year to the Council's revenue account to set aside funds to repay the principal sum of borrowing for capital purposes.

Glossary

NATIONAL NON-DOMESTIC RATE (NNDR) - A levy on businesses based on a national rate in the pound multiplied by the ratable value of the premises occupied. NNDR is redistributed among all local authorities and police authorities on the basis of population.

NET BOOK VALUE - The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

NET EXPENDITURE - Gross expenditure less specific service income but before deduction of revenue support grant.

NET CURRENT REPLACEMENT COST - The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NET REALISABLE VALUE - The open market value of the asset in its existing use (open market value in the case of non-operational assets), or sale proceeds for stocks and stores less the expenses to be incurred in realising the asset.

NON-CURRENT ASSET - An asset that has value beyond one financial year.

NON-DISTRIBUTABLE COST - These include overheads for which no user now benefits and should not be apportioned to services. Examples are spare computer capacity and empty offices. These also include pension costs in relation to scheme members' past service.

NON-OPERATIONAL ASSETS - Non-Current assets held by the Council not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties, assets under construction and assets that are surplus to requirements, pending sale or redevelopment.

OPERATIONAL ASSETS - Non Current Assets held, occupied, used or contracted to be used on behalf of the Council or consumed by the Council in the direct delivery of the services for which it has a responsibility, whether statutory or discretionary or for the service or strategic objectives of the Council.

OPERATING LEASE - A lease under which the asset can never become the property of the lessee.

OUTTURN - Actual income and expenditure for a financial year.

PAST SERVICE COST - The increase in present value of Pension Fund liabilities arising in the current year from previous years' service.

PENSION FUND - The Fund for staff in the Local Government Pension Scheme, maintained on an actuarial basis, which makes pension payments on retirement of participants; it is financed by contributions from the employer and employees and from investment income.

PENSION INTEREST COSTS - Expected increases in present value of Pension Fund liabilities because benefits are due one year sooner.

POST BALANCE SHEET EVENTS - Those events, both favorable and unfavorable, which occur between the balance sheet date and the date on which the Director of Finance signs the Statement of Accounts.

PRECEPT - The charge made by one authority on another to finance its net expenditure.

PRIOR YEAR ADJUSTMENTS - Material adjustments applicable to prior years arising from changes in accounting policies or to correct errors.

PRIVATE FINANCE INITIATIVE (PFI) - A central government initiative that aims to increase the level of funding available for public services by attracting private involvement.

PROVISION FOR DISCOUNT AND PREMIUMS ON LOAN REDEMPTION - A provision to spread over an appropriate period discounts received and premiums paid when loans from the Public Works Loan Board are prematurely repaid.

Glossary

PROVISION - An amount, set-aside in the accounts, for liabilities that have to be met but where timing is uncertain.

PRUDENCE - The concept that revenue is not anticipated but is recognised only when realised in the form of cash or other assets and full and proper allowance is made for all known and foreseeable losses and liabilities.

PUBLIC WORKS LOAN BOARD (PWLB) - A government agency that provides long term and medium-term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

RELATED PARTY - Relationships between a senior officer or elected member or their families with another body that has, or might develop, a business relationship with the Council.

RESERVES - Money set aside by the authorities to meet particular expenditure in future years, which do not fall within the definition of provisions.

REVALUATION RESERVE - a new account opened on 1st April 2007 that records all accumulated gains from fixed assets held by the Council offset by that part of depreciation relating to the revaluation.

REVENUE EXPENDITURE - The day-to-day running costs incurred by the Council in providing services, for example payment of salaries to employees or purchase of materials.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE - A charge arising from capital expenditure but where there is no tangible asset. An example is grants given for private property improvement. The Council is permitted to borrow for such expenditure

REVENUE SUPPORT GRANT - A grant paid by central government to aid local authority services in general, as opposed to specific grants, which may only be used for a specific purpose.

RIGHT OF USE ASSETS - an asset that represents the value of a leased asset that a lessee has the right to use during the lease term.

SOLACE - Society of Local Authority Chief Executives

SPECIFIC GRANTS - These are grants paid by various government departments outside the main formula. They include ring-fenced grants and specific formula grants.

SURPLUS ASSETS - Assets which are no longer in use by the Council, but which are not being actively marketed and are not expected to be sold within the next financial year.

TAXBASE - The number of Band D equivalent properties in a local authority's area. An authority's tax base is taken into account when it calculates its Council Tax, and when central government calculates entitlement to Formula Grant.

TRANSFER VALUE - A payment one superannuation fund makes to another when a member changes employment.

TRUST FUNDS - Money held in trust by the Council for a specified purpose.

USABLE RESERVES - Balances held by the Council which can be used to meet service expenditure.

UNUSABLE RESERVES - Balances held by the Council which cannot be used to meet service expenditure

USEFUL LIFE - The period over which the Council will derive benefits from the use of a fixed asset.

VIREMENT - The permission to spend more on one budget head when this is matched by a corresponding reduction on some other budget head, i.e. an authorised switch of resources between budget heads.

WORKS IN PROGRESS - Cost of work done on an uncompleted project at the balance sheet date.

YIELD - The amount of cash (in percent terms) of the return on investing activities