London Borough of Waltham Forest

Draft Statement of Accounts 2025-26

Waltham Forest

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SECTION – 1

REVIEW AND STATUTORY CERTIFICATIONS

Narrative Report

Introduction from the Corporate Director of Financial Services

I am pleased to introduce the Council's Statement of Accounts for the year ended 31 March 2026. Like all local authority accounts they have been prepared in accordance with International Financial Reporting Standards (IFRS) and follow the format and layout prescribed in CIPFA's Code of Practice on Local Authority Accounting in The United Kingdom 2025/26 ("the Code"). The Statement of Accounts has once again been produced promptly and to a very high standard and I would like to thank all Finance Staff across the Council for their hard work and commitment throughout the course of the year.

Welcome to Waltham Forest!

Waltham Forest is a London borough with strong economic growth, a friendly, welcoming community, and a thriving cultural and creative sector. Following on from the success of being Mayor of London's first-ever Borough of Culture (2019) is the transformation of the dilapidated 1930s Granada Cinema into a 1,000-seat performance venue called Soho Theatre Walthamstow which opened in May 2025 and was awarded the Theatre Building of the Year at The Stage Awards.

Located in the north-east of the capital, Waltham Forest features a mix of inner and outer London characteristics. The borough extends from leafy Chingford in the north to urban Leyton in the south. It is strongly defined by the natural landscape, being located near to two of the largest public spaces in London - the Lea Valley to the west and Epping Forest to the east and north. The north of the borough is less densely populated, with larger homes and an older population, while in the south the population is younger and more transient, with more people living in private rented accommodation. Identified as one of the capital's key growth areas by the Mayor of London, Waltham Forest is experiencing increased pressures to use land for employment and housing. As a rapidly changing borough, development and regeneration across the area is bringing significant new housing and employment opportunities, and a thriving small business economy.

Some Key Facts about the Area

Population

- Waltham Forest is home to an estimated 279,700 residents based on latest Office for National Statistics (ONS) estimates (2024), with 102,900 households recorded in the 2021 Census. This represents a 0.5% population increase since the 2021 Census, when the borough's population was 278,400. [1]
- According to the GLA 2022 released population projections (August 2024), the population of Waltham Forest is expected to rise from 278,400 in 2021 to 284,600 by 2026 — an increase of 6,200 people (2.2%). The fastest-growing age groups between 2021 and 2026 are projected to be residents aged 65+ (+16.7%) and 16-24 (+3.8%). These projections reflect continued growth in both young adult and older populations, alongside a relatively young overall demographic profile. [2 & 3]
- Waltham Forest has a higher-than-average proportion of children aged 0 to 15, making up 19.0% of the population compared with the 17.4% average across England. The borough also has a larger share of working-age adults aged 16 to 64, at 68.9%, compared with the 62.0% England-wide average. The 65+ population accounts for 12.0% of residents, which is significantly lower than the 20.6% average for England as a whole. [4]
- Waltham Forest has a median age of residents of 36 years compared to the average of 42 years of all local authorities and a population density of 7,208 persons per square kilometre, i.e. number of usual residents per square kilometre, compared to average of 580 for all local authorities. [1]
- Our borough is one of the most diverse areas in the country. An estimated 47% of residents are from a minority ethnic background. According to the 2021 Census, the top three countries of origin for residents born overseas are Pakistan 4% (11,035), Romania 4% (11,015), and Other EU countries 3.5% (9,700). The top five languages spoken locally other than English are Romanian, Urdu, Bulgarian, Polish, Turkish and Spanish. [1]
- According to the 2025 Indices of Deprivation, Waltham Forest has a deprivation score of 23.269, it is ranked number 1214 most deprived out of all London Boroughs and number 97 most deprived out of all 296 authorities in England. [5]
- It is estimated that 18.2% of children in Waltham Forest are estimated to be living in relative poverty as of 2026, above the average of all local authorities (16.5%). [1]

Economy and Employment

- According to the official published figures of January to December 2025, an estimated 166,300 Waltham Forest residents aged 16+ were economically active (83.2% of the working age population) and 155,000 (77.3%) were in employment. This is higher than the employment rate for London (74.9%) and Great Britain (75.5%). [6]
- There is a large range of income across Waltham Forest. Typically, those living in the north of the borough earn more than those in the south. The gross weekly pay for full-time working residents was £900.80 per week. This was just below the London average of £902.70 but higher than the average of £766.60 for Great Britain. [6]
- The Claimant Count is the stock of Universal Credit and Job Seekers Allowance claimants. Prior to Covid19, Waltham Forest had relatively low levels of universal credit claimants but the number has increased to 6.6% (12,845 residents). This is 1.0% higher than the London average of 5.6% and 2.6% higher than the average of 4.0% for Great Britain. [6]
- As of 2024, there were 104,000 total jobs in Waltham Forest (total jobs include employees, self-employed, government-supported trainees and HM Forces). Waltham Forest has a job density of 0.53, (The density figures represent the ratio of total jobs to the population aged 16 to 64). This is lower than both the London average of 1.06 and the Great Britain average of 0.85. [6]

[1] ONS Gov UK - Local Indicators

[2] Data London Gov UK - London Datastore

[3] Mayor of London - Population Projections

[4] ONS Gov UK - National Population Projections

[5] Gov UK - Indices of Deprivation

[6] ONS - Nomis - Labour Market Profile

Some Key Facts about the Area (continued)

Local Businesses

- According to the 2025 UK Business counts, Waltham Forest currently has a total of 11,975 enterprises which are VAT and/ or Pay as You Earn (PAYE) registered. A large majority of 11,265 (94.1%) businesses in the borough are considered micro-businesses with less than 10 employees. A further 615 (5.1%) are small businesses with 10-49 employees and only 95 (0.8%) businesses employing 50 or more people. [6]
- The total employee jobs is 89,000 with a split between full-time and part-time of 64,000 and 25,000 respectively - by industry the top 3 are administrative and support service activities (20,000), wholesale and retail trade including repair of motor vehicles and motorcycles (13,000) and human health and social work activities (12,000) [6]
- 35.2% of the businesses in Waltham Forest have a turnover between £100,000 and £249,000, compared with 35.4% for London local authorities. This is followed by 22.7% with a turnover of £50,000-£99,000, compared with 20.2% for London local authorities and 12.3% with a registered turnover of up to £49,000, compared with 13.9% for London local authorities. [7]

Housing

- According to the Annual Population Survey, home ownership levels in Waltham Forest have been steadily increasing over the past decade. 30.4% (31,239) of homes are bought through a mortgage, loan or shared ownership (higher than the London average of 26.0%), with 20.2% (20,817) being owned outright (in-line with London at 20.7%). 21.5% (22,099) of households are rented from the Local Authority or a housing association (lower the London average of 23.1%). [8]
- The housing affordability ratio of Waltham Forest is 11.9 which is higher than the average of all local authorities (7.7), this is calculated by dividing house prices by gross annual earnings to create a ratio. The ratio of average house prices to average earnings has been fluctuating up and down year to year from 2020 to 2025 from 12.5 to 11.9. This now makes housing in Waltham Forest less affordable than in London as a whole, which has created a pressing need for affordable housing for people living in overcrowded conditions, the homeless and for people who wish to live independently. [1]
- Waltham Forest has the 13th highest waiting list in London with 9,134 households on the local authority housing register according to official statistics. However, more recent data from the borough suggests that Waltham Forest's total could have increased to around 9,500. [9]
- From April 2020 to February 2026, the median price of a house in Waltham Forest increased from £455,300 to £525,100, a rise of 15.3%. Whilst over the longer span of time, the median house price in Waltham Forest has increased, according to the ONS, there has been fluctuation where this increased month by month from May 2025 but decreased month by month from November 2025 to January 2026. [10]
- House prices in Waltham Forest have an overall average of £588,444 over the last year. Most properties sold in Waltham Forest during the last year were terraced properties, selling for an average price of £703,262. Flats sold for an average of £404,769, with semi-detached properties fetching £737,821. Overall, the historical sold prices in Waltham Forest over the last year were 7% up on the previous year and 10% up on the 2023 peak of £535,468. [11]
- The gross number of new homes completed in Waltham Forest in the financial year 2024/25 is 937. The net figure, after conversions of homes, changes of use, and demolitions are factored in, is 915 homes (these are provisional figures). [12]

[1] ONS Gov UK - Local Indicators
[6] ONS - Nomis - Labour Market Profile
[7] Nomis - Report Generator
[8] ONS Gov UK - Dataset
[9] Centre For London
[10] ONS - House Prices
[11] Rightmove - House Prices
[12] LB Waltham Forest - Doc Oct-25

Some key facts about the Council

Waltham Forest is divided into 22 wards, with a total of 60 elected members. The council operates a Cabinet-style administration. Cabinet members meet monthly and are responsible for making most administrative and political decisions. Cabinet members have an individual portfolio for which they are responsible. When required, decisions are taken to Full Council for approval or delegated to specialist, politically balanced committees.

Did you know……

The Council is responsible for:	It also:
• 44 nurseries, schools and pupil referral units [13]	• collects £251m Council Tax and Business Rates each year
• 8 leisure centres featuring gyms and 4 swimming pools [14]	• administers £86.4m in council tax support and housing benefit
• 79 parks, gardens, and open spaces [15]	• this year over 4,000 adults received long-term funded social care
• Over 10,000 units of social housing	• maintaining 405km of highway throughout the borough [16]
• Emptying bins for over 111,000 households each week	• Collected 72,797 tonnes of refuse and 32,790 tonnes of recycling and organic waste [17]

[13] The Hub - Waltham Forest

[14] LB Waltham Forest - Arts/Leisure

[15] LB Waltham Forest - Open Spaces

[16] LB Waltham Forest - Roads Maintenance

[17] Gov UK - Waste Collection

Our key achievements 2025/26

This past year has been defined by our ongoing commitment to delivering the best possible outcomes for all our residents, while continuing to navigate a challenging landscape of rising costs and increasing demand for our services. Continuous global uncertainty is impacting the financial landscape councils operate within, however we are adapting to this context, making necessary choices to safeguard the services upon which our residents rely the most, whilst ensuring solutions are in place for longer-term financial stability.

The values embedded in Mission Waltham Forest continue to guide our actions and our decision-making. Responsibility and financial pragmatism remain at the core of our operations, but this has not compromised the quality of our service and our commitment to putting residents first. Our achievements over the past year demonstrate this commitment in action.

Outlined below are some of our key successes from the last year, reflecting our ongoing focus on improving the borough and delivering on the priorities within Mission Waltham Forest.

[1] Mission Waltham Forest

Our key achievements 2025/26 (continued)

Ensure every family and every child are given every opportunity

- Reducing the number of children in care
- Focusing on prevention, identifying those most vulnerable, and therefore limiting the number of children in need of care
- Improving pathways for residents to access services, and better streamlining the processes when residents are in need
- Improving the experience and outcomes of the children who are in care

Families First Partnership programme: We have launched the first phase of our Families First Partnership programme, which will see much stronger integration between Social Care and preventative services including Children's Early Help.

Regional Fostering Hub: We have continued the development of our Regional Fostering Hub with neighbouring boroughs. This is a partnership of four northeast London councils working together to inspire more people to become foster carers.

Systemic Practice: We have taken a significant step forward in embedding systemic practice across the organisation in how we work with children and young people in care. A dedicated Clinical Lead for Systemic Practice is now in post with significant experience in rolling out training and development programmes, and has already started implementation, supporting teams and shaping practice development, ensuring systemic techniques are embedded day to day. The entire leadership team has completed systemic training alongside strategy partners. Embedding systemic practice directly supports Mission Waltham Forest, with our commitment to early help, strong relationships, connected communities and enabling people to thrive.

0-19 Service: We have continued to support babies, children and young people to improve their health and wellbeing, ensuring they have the best start in life. Uptake of crucial health and development checks in the antenatal and early years periods has been very high over the last year, over 95% for new birth visits and 2.5-year checks. Engagement and needs assessment for a new 0-19 Healthy Child Programme contract from July 2027 has been delivered alongside these improvements.

Partnership approach to addressing childhood obesity: Our strategy to support improved nutrition in early years settings and schools, provide help to children and parents to live healthier lifestyles, and take steps to address environments that encourage unhealthy choices, has really seen traction compared to national trends over recent years. Over the last decade, obesity among Reception age children has improved by 3.6% relative to national rates while year 6 obesity has improved by a massive 6.3% relative to national. This means that Waltham Forest has over 2,200 fewer overweight and obese children compared to if we had followed the national picture since 2016.

Our key achievements 2025/26 (continued)

Build an economy that works for everyone

- Support for local businesses and community spaces
- Ensuring our vulnerable residents are kept informed of available financial assistance, and supported through accessing it
- Tackling inequality by targeting residents in need
- Apprenticeship schemes to help residents professionally develop

Evening and Nighttime Economy Framework: We have developed a new Nighttime and Evening Economy Framework to make our nighttime areas safer, more welcoming, and inclusive. The framework will benefit residents and visitors of all ages who are working or taking part in cultural, sports or leisure activities in the evening. This will help make our town centres busier, more attractive, and more successful destinations with more opportunities for local businesses and residents.

Free School Meals Auto-Enrolment: This cross-council initiative has secured £538,890 in Pupil Premium funding by identifying 402 pupils newly eligible for Free School Meals. By identifying and auto-enrolling children in September, we have been able to maximise the impact of Free School Meals without requiring families to go through an application process.

Attendance Allowance Proactive Identification: We identified over 800 older residents that were likely to be eligible for Attendance Allowance and contacted them to encourage them to apply and offered support with applications through dedicated drop-in sessions, run across the borough.

Future Pathways apprenticeship: This year, we created two apprenticeship roles solely for care-leaving residents. This programme will allow the two residents the opportunity to gain a qualification and 2 years of experience working in their respective industries. This programme has received both regional and national commendation. It was a finalist for the Equality, Diversity and Inclusion Employer of the Year Award at the London Apprenticeship and Skills Award, and also finished top four in the country for the Employer for Support for Social Mobility at the national Apprenticeship and Training Awards.

Apprenticeship funds for external organisations: We have supported businesses in the borough to develop their staff by transferring £420,000 of our apprenticeship levy. Through this, over fifty individuals from sectors including construction, education and care have been able to undertake professional development.

Apprenticeship funds for internal staff: We have invested in one hundred members of staff, pledging £1.1 million to their development. As such, our workforce (38.6% of whom are themselves residents) continues to improve and develop in order to better serve our residents.

Our key achievements 2025/26 (continued)

Make Waltham Forest a great place to live and age well

- Supporting residents on the fringes of physical activity
- Easier and more intuitive pathways of referral for vulnerable residents
- Targeted interventions linking public health needs with other needs
- Reducing health inequalities
- Maximisation of partnerships with external organisations to help support vulnerable residents

The Million More Days mission: We have launched the council's new physical activity strategy, which targets the least active and most vulnerable of our residents to improve their life expectancy and overall wellbeing by expanding and promoting Waltham Forest's physical activity offer.

Together We Play: We have launched a £50,000 fund to create inclusive, community-led play opportunities across Waltham Forest. Our focus is on reducing inequalities for residents who experience barriers to play. This may include families in temporary accommodation, young carers, children and young people with SEND, migrant families, intergenerational connections, or other groups facing disadvantage (for example, low-income households). The grant scheme is designed to support activities taking place in Waltham Forest between May and October 2026.

Public health partnerships: We are continuing to support residents improve their health and tackle inequalities. Our drug & alcohol service treated 1,674 residents in 2025/26 (a rise of 20% since 2022), while during 2025 over five hundred residents were supported by Quit Right, our stop smoking service, to quit smoking for at least 4 weeks, lowering smoking levels in the borough to just 8% of adults. The council has provided personalised support to over three hundred residents with health conditions or substance misuse issues to help them stay in work or get back into work, through employment support schemes delivered with GP practices and with our drug and alcohol service, CGL. Our drug & alcohol employment support service is one of the best performing nationally.

Pop-up health clinics: Trialled in over fifty workplaces across the borough, we have provided health checks to more than 2,000 workers, helping to spot health issues like high blood pressure. This included a Health Check Kiosk at Walthamstow Library.

Health Equity Grant Programme: In partnership with NHS colleagues, we launched a grant programme supporting collaborative VCS projects with primary care networks to reduce health inequalities. From pop up clinics and cancer screening to targeted workshops and events, the programme reached seldom heard communities and residents most at risk of poor health outcomes. Early results suggest increases in positive health behaviours such as cancer screening, and patients report feeling more empowered in their health & wellbeing.

Technology Enabled Care: This year, we have commissioned Red Alert as the new provider of Assistive Technology in the borough. We are now more able to offer residents access to innovative and expansive technology to support their independence at home including sensors, alarms/pendants and mobility aids. 1,200 residents are current users and we are looking to expand this offer so more people can benefit from the assurance of technology.

Preparing for Adulthood Transitions: A new Transitions pathway has been designed with colleagues to ensure the future of young people is managed in a multi-disciplinary, timely way. This new pathway will help identify young people receiving SEND support, and help them to transition to Adult Social Care or independent settings in a more efficient manner that ensures no residents are unaware of what support they are eligible for.

Our key achievements 2025/26 (continued)

Tackle the housing crisis head on

- Deliver new, high-quality housing
- Identify residents at risk of homelessness and support them
- Maintain our council homes at the best possible level

Preventing homelessness: This year we have continued to work towards reducing and preventing homelessness. We have reduced households in temporary accommodation by 150 from its peak of 1,710, and have prevented over sixty families from losing their home. This year's Temporary Accommodation to Settled Homes strategy outlines how we are moving to a focus on maximising resident income, tackling the causes of homelessness, increasing the supply and quality of temporary and long-term homes, and supporting transitions from temporary to long-term homes.

Managing our Council Homes: We have continued to maintain our council homes to the best possible standard. To this end, we have:

- Completed 1,777 tenancy digital checks
- Launched a resident portal enabling tenants to log, update contact details, track, and manage contacts and repairs directly
- Completed 98% of emergency repairs within repairs service standard
- Secured £350,000 funding for environmental estate improvements to deliver enhanced green spaces and access to nature for residents
- Circa £22 million has been invested to date in removing combustible EWI from high-risk blocks over 18 metres tall
- Replaced 43 kitchens and 54 bathrooms to date with an additional 31 kitchens and 28 bathrooms to be delivered by spring 2026
- Completion of the Social Housing Decarbonisation Fund programme, including fitting EWI to 125 homes and cavity wall insulation to 50 homes, resulting in an improvement to an EPC rating of C or above for 175 properties.

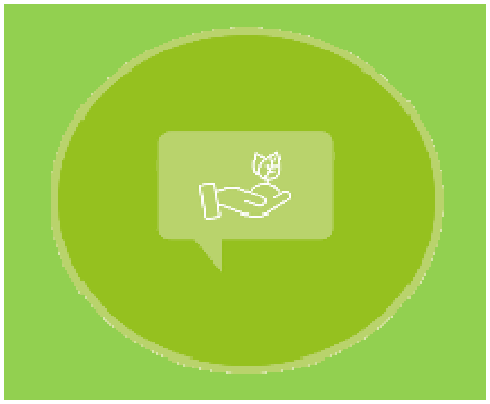
New Housing Delivery: We are continuing to deliver high-quality housing for residents, including 92 new homes completed at Fellowship Square in Walthamstow, and 190 homes at Marlowe Road in Wood Street.

Council Homebuilding: In 2025/26, the council's capital investment delivered 329 homes across Coronation Square, Fellowship Square, Marlowe Road Estate and through the council's housing acquisitions programmes supported by GLA and MHCLG funding.

Regulator of social housing inspection: Following the award of a C2 grading by the Regulator of Social Housing (RSH) in April 2025, the second highest rating under the consumer standards, we have implemented a comprehensive improvement plan focusing on the identified areas for development.

Capital Investment Programme and Local Plan: Despite the challenging economic and financial conditions, the Capital Investment Programme for the period 2025/26 – 2035/36 remains substantial at £733.4 million and is forecast to deliver significant return on investment for the borough. Through our Local Plan, we have an ambitious strategy to deliver 27,000 new homes by 2036 on council, public and privately-owned sites in the borough.

Our key achievements 2025/26 (continued)



Lead the way for a net-zero borough

- Invest in facilities and homes in the borough to make them greener and more sustainable
- Support residents to live greener
- Identify opportunities for future green improvement

Investment into private homes: This year we have invested £1,934,267 into privately owned homes in the borough funded by WHLG (Warm Homes Local Grant). 140 homes were improved with fully funded energy efficiency and renewable energy measures. 251 measures were installed including 116 solar panels. The average invested per home was £13,000 and this has provided £362/pa average bill saving per home. We have already secured £1,430,855 in funding to improve at least another 100 homes in years 2 & 3 of this programme, and we are bidding for more funding to scale this up.

Green Roots funding: Following the Council's Nature Emergency declaration in April 2025, we were successful in securing £354,549 Green Roots funding from the GLA for the Wildways Along the Ching project. This will deliver important habitat and river restoration improvements along the River Ching as well as greening and de-paving Adriche Way Estate.

Outreach to residents to reduce waste: The Outreach team has door knocked around 55,000 addresses since April 2025, supporting residents to reduce waste and divert more waste into recycling. The data shows the team has contributed to a significant and sustained increase of 19.3% in food waste tonnage being collected, an increase of over 13.5% in dry recycling, and 21.6% in garden waste recycling. Alongside this, refuse (household waste) has reduced by nearly 14% meaning we are now pushing towards a 40% recycling rate this year.

Repair & Reuse Fairs: Five fairs were delivered during 2025–26, engaging 1,522 participants and diverting approximately 4.6 tonnes of materials from landfill through Give & Take activities. Across these events, 400 items were repaired, including 89 bikes, 147 clothing items, and 37 electrical items. The fairs facilitated at least 1,800 conversations with reuse and repair specialists, supported 86 people to gain new repair skills, and delivered 14 workshops and repurposing activities involving 100 participants. 90% of the budget was spent locally and in total, 52 partner organisations, community groups, traders, and local businesses were involved across the programme.

Greener travel initiatives: This year we have delivered a number of initiatives to encourage residents towards active travel, as well as towards electric vehicles. 1,039 Bike hangars have now been installed, providing secure cycle parking for over 6,200 residents. The Electric Vehicle (EV) charging network in the borough has expanded to 1,730 sockets, from just 93 in 2020. Additionally, in 2025, the Council adopted an Electric Vehicle salary sacrifice scheme. This has reduced staff travel emissions alongside reducing employee and employer costs through pre-tax deductions. The Council is achieving a saving of around c.£39,000 each year so far, and around £12,000 avoided outgoings to employees annually, equating to around £240 monthly savings for each of the 50 employees signed up. This scheme is currently achieving an annual emissions reduction of around 75 tonnes (tCO2e).

Our key achievements 2025/26 (continued)

Safe, green neighbourhoods where everyone can thrive

- Working with residents, the police, community organisations and local businesses to build safer neighbourhoods and increase feelings of safety across the borough
- In the past year, the borough has seen notable reductions in antisocial behaviour and serious violence
- We have seen significant improvements in trust and confidence in policing

Safer Routes pilot: We have begun delivery of this programme, funded by the London Violence Reduction Unit. The programme enables trained youth workers to provide a consistent, visible presence on routes home from school. In the first six months, the pilot (which was co-produced with young people) delivered over 4,000 youth interactions, alongside engagement with 23 schools and over 2,000 parents, residents and local businesses.

Safe Spaces network: We have established a borough-wide Safe Spaces network, designating trusted venues such as libraries, leisure centres, fire stations and youth hubs as places of reassurance and support for anyone feeling vulnerable. Staff at these locations are trained to offer reassurance, basic support, and help in contacting emergency services or other trusted adults if needed.

Citizen-led forums: We have supported community cohesion and resident voice through establishing a borough-wide Young People's Steering group. This group is providing strategic oversight and co-producing community safety priorities, alongside community-based responses to hate crime and antisocial behaviour. Alongside this, we also launched the UK's first Citizens' Assembly on the Future of Neighbourhood Policing in partnership with our local police, bringing together 45 residents, and over 1,300 more through pre-engagement, to shape the future of policing and safety in Waltham Forest.

Inclusive Mentoring pilot: In response to recommendations from the abovementioned Citizens' Assembly on Neighbourhood Policing, we have delivered an inclusive mentoring pilot, which was co-designed with our young people at every stage. Over the last 6 months, this flagship programme has brought together 17 local young residents and 6 police officers to share their experiences, build understanding and inform practice, with early feedback highlighting its role in improving dialogue and mutual confidence between young people and the police. Officers of a diverse range of ranks have led on the design of the scheme and participated as mentees, further strengthening our partnership work with the local Basic Command Unit.

The Waltham Forest Council for Voluntary Services (CVS): A registered charity, the CVS helps connect over 600 voluntary and social enterprise groups, embedding co-design into the borough's fabric and amplifying the collective voice of community partners. The CVS represents a key branch of our delivery of Mission Waltham Forest.

Financial Performance

Actual expenditure in 2025/26 was managed to within the overall budget. **Page 32** of the Statement of Accounts sets out net revenue costs by service area in 2025/26, and the Expenditure and Funding Analysis in **Note 8** provides further details of the Council's income and expenditure.

Revenue Expenditure

A summary of the outturn of the General Fund for 2025/26 at Directorate level is set out below. The 2025/26 actual figures are compared with the revised budget.

	A	B	B-A
	Final Budget 2025/26	**Actual Spend 2025/26**	**Variance from budget 2025/26**
	£'000	**£'000**	**£'000**
Chief Executive	9,403	8,661	(742)
Adults Social Care	84,253	90,995	6,742
Children's Service	60,945	68,472	7,527
Stronger Communities	16,624	15,820	(804)
Neighbourhoods & Environment	36,898	35,413	(1,485)
Place	15,332	29,415	14,082
Resources	9,497	9,408	(89)
Directorate Service Total	**232,952**	**258,184**	**25,231**
Corporate Budgets	40,362	24,323	(16,039)
Total Expenditure	**273,314**	**282,507**	**9,192**
Contribution to/(from) Earmarked Reserves	**(4,707)**	**(7,417)**	**(2,710)**
Resources			
Council Tax Income	(147,956)	(147,956)	(0)
NNDR Local Share	(38,508)	(44,989)	(6,481)
NNDR Top Up Grant	(52,406)	(52,406)	0
Collection Fund Surplus	1,353	1,352	(1)
Specific Government Grants	(31,090)	(31,090)	0
Total Resources	**(268,607)**	**(275,089)**	**(6,482)**
Net Expenditure	**0**	**0**	**(0)**

The final outturn position is a net nil variance after drawing down £2.710 million from the Budget Strategy Reserve. There was however, an overspend of £25.231 million against Service Directorates budgets which was mostly in relation to Temporary Accommodation (Place Directorate), Adult Social Care, Children's Social Care and Special Education Needs and Disabilities (SEND) services, (Children's Services Directorate) and these areas totalled £27.008 million. Overspends in the demand lead areas were offset by underspends against other services and corporate expenditure budgets.

Revenue Expenditure (Continued)

Like all London Boroughs, we continue to face sustained increases in demand for temporary accommodation and cost pressures due to limited supply and as a result, the overspend in Temporary Accommodation was £12.739 million. The number of households supported reached a peak of 1,705 in October 2025, but at the end of March 2026, had reduced to 1,577 due to ongoing transformation work in the service.

Increased demand and complexity, coupled with inflationary pressures and market challenges continue to impact Adult Social Care and Children's Services resulting in a combined overspend of £14.269 million.

In Children's Services, the main areas of overspends were in relation to young people transitioning to adulthood (£4.163 million) and SEND services (£3.658 million). SEND overspends occurred in Home to School Transport, staffing and package costs, all driven by ongoing increases in the number of children with an Education and Health Care Plan (EHCPs). The number of EHCPs increased by 6% (3,795 to 4,025) from last year.

Overall Children's Social Care was largely on budget but there continues to be underlying pressures on Looked After Children (LAC) placement costs. LAC numbers have remained largely stable, but complexity and market challenges resulted in a budget overspend of £3.567 million, offset by other underspends across the service.

In Adult Social Care, the overspend of £6.742 million was largely driven by pressures on placement costs, partially mitigated by increased income. Overall placement costs have risen 8% (£530 to £574 per week) and the number of packages increased by 2% (3,696 to 3,783) from last year.

Demand lead budget overspends were offset by underspends totalling £22.521 million across corporate expenditure budgets and additional income.

In Corporate Expenditure, there was an underspend of £16.039m, driven by an underspend of £11.430m against Corporate Balances, an underspend of £0.836m on interest paid and an underspend of £3.773m in relation to the change in accounting treatment Highways infrastructure, treating qualifying expenditure as capital rather than a revenue cost which is one-off in nature. Additional one-off income of £6.482 million relates to the eight borough business rates pool (£3.658 million), and higher than anticipated Section 31 grant (£2.824m).

The net position required a drawdown of £2.710 million from the Budget Strategy Reserve to balance the budget.

Capital Expenditure

The approved budget for 2025/26 was £171.958m and actual spend against this was £143.242m. The capital programme includes investment into schools, sustainable transport and streetlighting, property, area regeneration, parks, the acquisition and delivery of new and affordable homes (including temporary accommodation), investment into our response to the Climate Emergency and into council-owned homes via the HRA.

Capital Expenditure Summary by Directorate	2025/26 £m
Adults Services Directorate	3.595
Chief Executives	0.378
Children's Service Directorate	0.377
Neighbourhoods & Environment Directorate	16.719
Place Directorate – General Fund	63.918
Place Directorate - HRA	58.255
GENERAL FUND	84.987
HRA	58.255
CAPITAL PROGRAMME BEFORE APPROPRIATION	**143.242**
Appropriations	0.000
TOTAL CAPITAL PROGRAMME	**143.242**

Capital Financing Summary	2025/26 £m
Capital Receipts	(19.200)
Major Repairs Reserve	(14.104)
Capital Grants, Contributions and Reserves	(47.044)
Direct Revenue Financing	(2.195)
Prudential Borrowing	(60.699)
Total Capital Programme	**(143.242)**

Balance Sheet

The Balance Sheet on **page 34** sets out the Council's assets and liabilities at 31 March each year:

2024/25		2025/26
£'m		£'m
2,279	Property plant and equipment	2,351
65	Right of Use Assets	52
105	Infrastructure assets	141
57	Heritage assets	58
8	Investment property	7
16	Other long and short term assets	14
37	Long and short term investments	16
118	Debtors	114
60	Cash and Cash equivalents	35
2,746	**TOTAL ASSETS**	**2,789**
(60)	Right of Use Assets Liabilities	(47)
(538)	Long and short term borrowing	(546)
(173)	Creditors and receipts in advance	(169)
(10)	Provisions	(11)
(208)	Pension Fund liabilities	(123)
(34)	Other long term liabilities	(34)
(1,021)	**TOTAL LIABILITIES**	**(930)**
1,725	**NET ASSETS**	**1,859**

Property plant and equipment mostly consists of social housing stock plus other land and buildings used to deliver services. Further analysis of Council assets is provided in **Note 16**. A comprehensive, independent revaluation of all land and buildings has recently been carried out and the results are reflected in the balances shown above.

IFRS 16 was adopted in 2024/25 this resulted in the recognition of Right of Use Assets and Liabilities on the Balance Sheet, please refer to Note 24 Leases.

Most external borrowing (over 80%) is fixed rate loans from the Public Works Loan Board, averaging 4.27% interest rates and repayable between 2025 and 2077.

The Council's largest single liability represents staff pension entitlements. Other long-term liabilities relate to contractual commitments in respect of finance lease and service concession arrangements.

Provisions are set aside to cover future Business Ratepayers' appeals and Insurance claims. **Note 37** provides details of any additional liabilities which are not included in the Council's accounts because the risk of any eventual payment seems remote.

The Council has maintained cash balances within target levels during 2025/26. A comprehensive cash flow and treasury management system ensures that surplus cash is invested wisely, that any new borrowing represents value for money, and that there is sufficient cash available to meet liabilities as they fall due.

Usable and unusable reserves

Net assets in the Balance Sheet are matched by reserves which are classified as either usable or unusable. Unusable balances reflect statutory or accounting requirements and cannot be used to fund services. At 31 March 2026 total unusable reserves were £1,744m (£1,590m at 31/03/2025), see **Note 30** for further details.

Usable reserves on the other hand totalled £134m (£134m at 31/3/2025). This balance represents a combination of:

- Monies held on behalf of schools
- Funds earmarked for revenue or capital projects, see **Note 15**
- Working balances maintained to cover contingencies.

The General Fund working balance has remained unchanged at £14.9m and is equivalent to 5.6% of net expenditure. This is in line with the Council's current policy to maintain a working balance of £10m to £15m which is set aside to protect services and Council Tax payers from unexpected financial events.

The Collection Fund

The Collection Fund is a statutory fund in which the Council records the transactions for Council Tax, and Non-Domestic Rates. In 2025/26 the Non-Domestic Rates was slightly more than anticipated, with the final collection fund achieving a surplus of £4.433 million overall.

Council tax income was higher than estimated in January 2026, with a final deficit of £1.678m, in contrast to the £3.086m estimated in January 2026. This was due to two main factors, the cash received by year end was slightly higher than predicted and the requirement to increase the bad debt provision, slightly lower than forecast.

The collection rate for Non-Domestic (Business) Rates was 94.6% and the collection rate for Council Tax was 94.8% in-year.

Social Housing

The Council is required to prepare a separate account for social housing provision and to ensure that expenditure on repairs, maintenance and management is covered by rents and other charges for services and facilities. These transactions are set out in the Housing Revenue Account on **page 114**.

The Council has a total of 10,457 dwellings (10,457 as at 31 March 2025). The working balance on the Housing Revenue Account has increased by £6.732m to £13.637m during the year.

Flats at Wood Street, Walthamstow

Pension Fund

In addition to the Council, 61 other employers are members of the London Borough of Waltham Forest Pension Fund. These include, for example, local academy schools and not for profit organisations. The Pension Fund Accounts on **page 124** provide details of pension fund transactions during 2025/26.

The Fund held investment assets valued at £1,114m at 31 March 2026. (£1,075m at 31 March 2025). This portfolio is externally managed, and the most recent actuarial valuation has confirmed that the scheme was 89% funded as at 31 March 2026.

Group activities

Investments in limited companies are not material so Group accounting is not required. Nevertheless, these activities do make a significant contribution to the borough. For example:

- 60 Bricks Limited, this company was wound down in 2024/25 and has now been placed into dormancy therefore no further activity expected.
- More Homes Waltham Forest, established in partnership with Mears Housing Management to provide temporary rented accommodation for homeless households
- WF Services Limited and WF Trading Limited (dormant) offer Council support to local businesses
- Evolve Norse Limited, provides Property consultancy service to the Council.

Oversight of company activities is exercised by control of voting rights and through corporate risk management processes which also cover partnerships and joint venture arrangements. Details of transactions with Group companies are set out in **Note 35**.

Outlook and Future Issues

Setting the annual revenue budget has been a challenging process for a number of years, with Government funding not increasing, in line with inflation since 2010 coupled with increasing demand for services and a growing population. So far, the Council has managed to use a combination of clear prioritisation, good financial planning, including the delivery of savings, partnership working and procurement, to deliver a balanced budget. For 2025/26, savings of £17.085m have been delivered.

- For the Medium Term Financial Strategy, 2026/27 to 2029/30 there are many uncertainties including the impact of the Spending Review in 2027.
- Budget Pressures in demand-led service areas continue due to demographic change, increasing complexity of need and cost of living pressures, particularly in children's services, adults social care and temporary accommodation
- The impact of high inflation levels over the last year which continues to feed through
- The impact of increased interest rates on capital appraisals, including the delivery of affordable housing
- Pressure on Housing Services due to the increasing shortage of affordable housing, increasing numbers of homeless households and the new responsibilities around Homelessness
- Slippage in delivery of identified savings plans
- The impact of the continued war in the Ukraine and Middle East, in fuel and utility costs
- Provider failure due to the impact of increasing costs and interest rates, in social care, and the impact on the wider market.
- Continuing pressure on schools funding, due to falling rolls and increasing costs, leading to more schools falling into deficit.

These risks will continue to be managed as follows:

- The Medium Term Financial Strategy is reviewed and updated throughout the year so that the Council can understand and manage its financial standing and associated budget risks. The regular review of General Fund and HRA balances, coupled with the rigorous monthly monitoring of revenue budgets against actual and forecast spending ensures that action is taken promptly to address budget pressures."

- The Council has an embedded process to manage risk and assist in the achievement of its objectives, alongside performance targets. The Corporate Risk Register plays an integral role to support delivery of the Council's priorities and is subject to quarterly review by the Audit and Governance Committee.

As part of the annual budget cycle, Section 151 officer must consider the likelihood that the Authority are at risk of issuing a Section 114 notice. For the 2026-27 budget cycle, the following statement was included as part of the budget report.

Robustness of estimates and assumptions

In my role as Section 151 Officer of the authority, I am comfortable with the robustness of the estimates in the Budget and the MTFS (as far as it can be predicted). The assumptions allow for targeted service pressure funding where necessary, realistic savings and efficiencies which have a more than reasonable chance of delivery, as well as an overall level of contingency should the savings/demand reduction not be achieved next year, as expected.
Services must take the actions they have committed to, to ensure the council's future sustainability and replenishment of reserves to mitigate the risks identified throughout this report. Even with the Exceptional Financial Support (EFS) request, the Councils reserves are low when compared to our peer authorities meaning our ability to react to shocks is diminished and so resetting Council finances must be a priority for the MTFS period.

Section 114/Financial Sustainability

In my role as Section 151 I can confirm that the authority:

- Has adequate reserves for the next 12 months, subject to any major unforeseen unfunded burdens or shocks and only if the EFS request of £19m is approved by MHCLG.
- Has adequate reserves for the next 12 months, subject to services delivering the management actions to reduce the overspend and the MTFS savings that have been identified already and making progress toward the remaining MTFS gap through the Transformation workstreams, and subject to the same points as above.
- The Senior Leadership Team and the Council's political leadership team and Council are in fully supportive of the need to make some tough decisions to close the funding gap.

In conjunction with the Budget Report being agreed at full Council in February 2026, MHCLG has agreed in principal the £19m EFS for 2026/27.

The Councils reserves are low but the position at 31st March 2026 is improved compared to what had been anticipated at the time the budget was approved in February. However, our reserve position is still low when compared to our peer authorities meaning our ability to react to shocks is diminished and so the Council finances must be focus for the MTFS period. The refresh of the MTFS will be reported to Cabinet in early autumn 2026.

Further Information

Further information about the Council's accounts is available from the Resources Directorate on Email: FinancialAccountsClosedown@walthamforest.gov.uk. The Council also publishes a wide range of other financial information including Summary Accounts, Budgets, the Medium Term Financial Strategy, a Council Tax Guide and the Annual Audit Letter on its website:

https://www.walthamforest.gov.uk/content/council-finances

The Council is constantly seeking to improve communications with citizens, businesses and other stakeholders, so please tell us whether this information meets your requirements or what changes or additional information you would find helpful.

Explanation of the Financial Statements

The **Statement of Responsibilities** sets out the respective responsibilities of the Council and Corporate Director of Financial Services.

The **Auditor's Report** gives the auditor's (KPMG) opinion of the financial statements and of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

The **Core Statements** are:

The **Comprehensive Income and Expenditure Statement (CIES)** records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of:

- Services and activities that the Council is required to carry out by law (statutory duties) such as planning, Highways, homelessness and housing benefits administration, and
- Discretionary expenditure focussed on local priorities and needs.

The **Movement in Reserves Statement (MiRS)** summarises the changes to the Council's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes.

The **Balance Sheet** is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the year-end date.

The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year and whether that change is due to operating activities, new investment, or financing activities.

Disclosure Notes provide more detail about the transactions and balances set out in core statements, in particular:

- **Note 1** sets out the accounting policies that have been followed in preparing the accounts and how key accounting requirements have been met in practice
- **Note 6** compares the CIES with the levels of income and expenditure which are taken into account when setting the annual budget and Council Tax and provides a subjective analysis of the Council's income and expenditure.

The **Supplementary Statements** are:

- The **Housing Revenue Account (HRA)** - this separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
- The **Collection Fund** which summarises the collection of Council tax and business rates, and the redistribution of some of that money to the Greater London Authority (GLA) and central government.
- The **Pension Fund Accounts,** which reports the contributions received, payments to pensioners and the value of the net assets invested in the Local Government Pension Scheme on behalf of employees of the Council and other employers within the London Borough of Waltham Forest Pension Fund.
- The **Annual Governance Statement** which sets out the governance structures of the Council and an evaluation of its key internal controls.

A **Glossary** of key terms can be found at the end of this publication.

Statement of Responsibilities

The Council's Responsibilities:

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Corporate Director of Financial Services.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- to approve the Statement of Accounts.

The Corporate Director of Financial Services Responsibilities:

The Corporate Director of Financial Services 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 (the Code).

In preparing this Statement of Accounts, the Corporate Director of Financial Services 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 Financial Services has also:

- kept proper accounting records which were up to date, and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Issue Date

The date that these Draft Financial Statements were authorised for issue was XX XXX 2026. All known material events that have occurred up to and including this date which relate to 2025/26 or before have been reflected in the statements and notes.

Certification by the Corporate Director of Financial Services

I certify that this Statement of Accounts gives a true and fair view of the financial position of the London Borough of Waltham Forest as at 31 March 2026 and its income and expenditure for the year ended 31 March 2026 and I hereby authorise its issue

Date:

Ursula Gamble
Corporate Director of Financial Services (Section 151 Officer)

Approval of the Statement of Accounts 2025/26

The Audit and Governance Committee of the London Borough of Waltham Forest, constituted on the basis of political balance, under delegation from full Council, approved the Statement of Accounts for 2025/26 on XX XXX 2026.

The Audit and Governance committee is the committee of the Council which is 'charged with governance' in accordance with the requirements of the Accounts and Audit Regulations 2012. It also receives the report of the external auditors, in person, under the same regulations at the end of their annual audit.

Date:

Councillor Emma Best
Chair, Audit and Governance Committee
London Borough of Waltham Forest

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SECTION – 2

CORE FINANCIAL STATEMENTS

Core Financial Statements	Page Number
• *Comprehensive Income and Expenditure Statement*	*32*
• *Movement in Reserves Statement*	*33*
• *Balance Sheet*	*34*
• *Cash Flow Statement*	*35*

Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement (CIES)** records all of the Council's revenue income and expenditure for the year. Expenditure represents a combination of statutory duties and discretionary spend focussed on local priorities and needs.

2024/25 Restated*				2025/26			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Note
£'000	£'000	£'000		£'000	£'000	£'000	
31,412	(3,418)	27,994	Chief Executive	29,814	(3,276)	26,538	
149,071	(66,382)	82,689	Adult Social Care	157,364	(69,327)	88,037	
359,225	(286,557)	72,668	Children's and Education	398,680	(322,878)	75,802	
52,541	(39,535)	13,006	Stronger Communities	52,388	(40,006)	12,382	
88,621	(50,005)	38,616	Neighbourhoods and Environment	93,755	(58,137)	35,618	
93,869	(63,400)	30,469	Place	111,050	(74,340)	36,710	
126,414	(106,471)	19,944	Resources	105,150	(84,814)	20,336	
88	(1,219)	(1,131)	Corporate Expenditure	(3,049)	(1,233)	(4,282)	
77,575	(81,883)	(4,308)	Housing Revenue Account	76,946	(85,895)	(8,949)	
978,817	**(698,870)**	**279,947**	**Cost of Services**	**1,022,098**	**(739,906)**	**282,192**	
		(4,088)	Other operating expenditure			(1,609)	5
		33,608	Financing and investment income and expenditure			30,388	6
		(306,496)	Taxation and non-specific grant income and expenditure			(332,304)	7
978,817	**(698,870)**	**2,971**	**(Surplus)/deficit on provision of services**	**1,022,098**	**(739,906)**	**(21,333)**	
		585	(Surplus) or deficit on financial assets measured at FVOCI			2,840	30d
		(36,255)	(Surplus) or deficit on revaluation of property, plant and equipment assets			(42,772)	30a
		(139,268)	Remeasurement of the net defined benefit liability			(73,184)	30e, 31
		(174,938)	**Other Comprehensive income and expenditure**			**(113,117)**	
		(171,967)	**Total Comprehensive income and expenditure**			**(134,450)**	

* Due to segment reporting changes for comparators the Cost of Service has been restated, refer to Note 39. 'The 2024/25 Children's and Education service has also been restated due to the misclassification of £25m of grant income as expenditure.

Movement in Reserves Statement

The **Movement in Reserves** Statement shows the movement in year on reserve balances held by the Council.

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves*	Total Council Reserves	*Note*
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 1 Apr 2024	**(14,906)**	**(101,964)**	**(5,517)**	**(25,113)**	**(986)**	**(148,486)**	**(1,404,123)**	**(1,552,609)**	
Movement in reserves during 2024/25									
(Surplus)/deficit on provision of services	18,479		(15,508)			2,971		2,971	
Other Comprehensive income and expenditure						-	(174,938)	(174,938)	
Total Comprehensive Income and Expenditure	**18,479**	**-**	**(15,508)**	**-**	**-**	**2,971**	**(174,938)**	**(171,967)**	
Adjustments from income and expenditure charged under the accounting basis to the funding basis	11,621	1,643	14,120	(15,300)	(752)	11,332	(11,332)	-	*14*
Increase or (decrease) before transfers to earmarked reserves	**30,100**	**1,643**	**(1,388)**	**(15,300)**	**(752)**	**14,303**	**(186,270)**	**(171,967)**	
Transfer to/(from) - earmarked reserves	(30,100)	30,100				-	-	-	*15*
Balance at 31 Mar 2025	**(14,906)**	**(70,221)**	**(6,905)**	**(40,413)**	**(1,738)**	**(134,183)**	**(1,590,393)**	**(1,724,576)**	
Movement in reserves during 2025/26									
(Surplus)/deficit on provision of services	(5,100)		(16,234)			(21,333)		(21,333)	
Other Comprehensive income and expenditure						-	(113,117)	(113,117)	
Total Comprehensive Income and Expenditure	**(5,100)**	**-**	**(16,234)**	**-**	**-**	**(21,333)**	**(113,117)**	**(134,450)**	
Adjustments from income and expenditure charged under the accounting basis to the funding basis	17,826	(558)	9,502	(859)	(4,772)	21,139	(21,139)	-	*14*
Increase or (decrease) before transfers to earmarked reserves	**12,727**	**(558)**	**(6,732)**	**(859)**	**(4,772)**	**(194)**	**(134,256)**	**(134,450)**	
Transfer to/(from) - earmarked reserves	(12,727)	12,727				-	-	-	*15*
Balance at 31 Mar 2026	**(14,907)**	**(58,052)**	**(13,637)**	**(41,272)**	**(6,510)**	**(134,377)**	**(1,724,649)**	**(1,859,026)**	

* see **Note 30** for further details

Balance Sheet

The **Balance Sheet** is fundamental to the understanding of the Council's financial position at the year end. It shows the value as at the Balance Sheet date of assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by reserves held by the Council.

2024/25 31-Mar-25 £'000		2025/26 31-Mar-26 £'000	Note
2,278,585	Property, Plant and Equipment	2,350,856	16
65,399	Right of Use Asset	52,236	24
105,374	Infrastructure Assets	141,080	16b
56,845	Heritage Assets	58,271	18
8,212	Investment Property	7,344	19
12,244	Intangible Assets	10,663	16a
1,400	Long-term Investments	832	21
14,864	Long-term Debtors	15,114	27
2,542,923	**Total Long-term Assets**	**2,636,396**	
35,502	Short Term Investments	15,000	21
4,148	Assets Held for Sale	3,489	16a
89	Inventories	36	
102,993	Short term debtors	99,314	27
60,333	Cash and Cash Equivalents	35,016	20
203,065	**Current Assets**	**152,855**	
(146,615)	Short-term Borrowing	(112,190)	21
(135,363)	Short-term Creditors	(137,979)	28
(17,121)	Right of Use Asset Lease Liabilities	(13,990)	24
(3,883)	Short-term Provisions	(6,083)	29
(33,880)	Grants Receipts in Advance – Capital	(27,231)	
(3,266)	Grants Receipts in Advance – Revenue	(4,044)	13
(340,128)	**Current Liabilities**	**(301,516)**	
(42,648)	Right of Use Asset Lease Liabilities	(33,237)	24
(5,699)	Long-term Provisions	(5,300)	29
(391,118)	Long-term Borrowing	(433,328)	21
(208,190)	Pension Liability	(123,180)	31
(1,645)	Financial Liability (accumulated losses in companies)	(3,917)	
(3,898)	Finance lease liability	(3,898)	24
(16,149)	PFI Creditors	(10,729)	25
(11,937)	S106 Liabilities	(15,120)	
(681,284)	**Long-term Liabilities**	**(628,709)**	
1,724,576	**Net Assets**	**1,859,026**	
(134,183)	Usable Reserves	(134,376)	
(1,590,393)	Unusable Reserves	(1,724,649)	30
(1,724,576)	**Total Reserves**	**(1,859,025)**	

I certify that the statement of accounts gives a true and fair view of the financial position of the authority as at 31st March 2026 and its income and expenditure for the year ended 31st March 2026.

Ursula Gamble

Corporate Director of Financial Services (Section 151 Officer)

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 and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.

2024/25		2025/26	
£'000		£'000	*Note*
(2,971)	Net surplus or (deficit) on the provision of services*	21,333	
143,821	Adjustment to surplus or (deficit) on the provision of services for non-cash movements*	66,649	*32*
(131,853)	Adjustment for items included in the net surplus or(deficit) on the provision of services that are investing and financing activities	(77,432)	*32*
8,997	**Net cash flows from operating activities**	**10,550**	
(50,128)	Investing Activities	(38,227)	*33*
71,043	Financing Activities	2,360	*34*
29,912	**Net increase or (decrease) in cash and cash equivalents***	**(25,317)**	
30,421	Cash and cash equivalents at the beginning of the reporting period	60,333	
60,333	**Cash and cash equivalents at the end of the reporting period***	**35,016**	*20*

SECTION – 3

NOTES TO THE CORE FINANCIAL STATEMENTS

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Notes to the Core Financial Statements

Note 1: Accounting Policies

1.0. General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, 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. The Statement of Accounts has been prepared on a "going concern basis" with the assumption that the functions of the authority will continue in operational existence for the foreseeable future.

Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

With regard to the Council's financial stability, reserves are used to manage risks. There are certain earmarked reserves that have been set aside for specific risks, for example: the collection fund and budget pressures. These reserves and the potential pressures that need to be managed are reviewed as part of the budget setting process.

The Council also manages unforeseen financial shocks by maintaining a Working Balance in its General Fund. The Council's agreed policy is to maintain working balances at between £10 million and £15 million which has been maintained in preceding years and is forecast for in subsequent years. This level of working balance is kept under review and the Chief Finance Officer has expressed a view, within the Section 25 Report, that the level is reasonable as part of the budget setting process.

The MTFS is reviewed and updated throughout the year so that the Council is well placed to consider its financial standing and associated budget risks. In addition, the regular review of balances and the rigorous monthly monitoring of the revenue budget are formally reported to Cabinet. This contributes to an assessment and understanding of budget risks.

The Council's most recent year-end balance and forecast are as follows.

Date	General Fund	Housing Revenue Account	Earmarked Reserves
31 March 2026	£14.9m	£13.6m	£36.2m
31 March 2027	£14.9m	£15.2m	£34.7m
31 March 2028	£14.9m	£15.9m	£33.3m

Cash flow forecasts have been completed across the MTFS cycle and the council has sufficient cash to navigate this challenging period. Treasury officers will continue to work closely with the Corporate Finance team to monitor any slippage within the capital programme and income through the Collection Fund, which will impact on future cashflow levels. In addition, regular review work has begun on refreshing the MTFS and identifying savings and additional income.

The Council has sufficient reserves to maintain a balanced medium-term financial strategy and sufficient liquid funds to provide cash funding for these activities. It is therefore the S151 Officer's professional view that the cash flow forecasts confirm that the Council can meet its obligations for 12 months from the authorisation of these accounts and the Accounts have therefore been prepared on a going concern basis.

Note 1: Accounting Policies

2.0 Accruals of Income and Expenditure

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

- Revenue from 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 services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Revenue relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.
- Accruals are recognised where the value exceeds £50,000 for both revenue and capital items.
- The Council operates a civil parking enforcement scheme under the provisions of the Traffic Management Act 2004. Contractual arrangements in place since 2010 delegate all operational aspects of parking enforcement to NSL Limited, including the issue of penalty charge notices, collection of fines, and banking of monies obtained. Since the Council has no direct control over the issuing of PCNs and no legal entitlement to the income until it has been deposited in the Council bank accounts, enforcement income is accounted for on a cash basis and recognised as the net amount of receipts.

2.1. Cash and Cash Equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

2.2. Council tax and non-domestic rates

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

Accounting for council tax and NDR

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

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

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

2.3. Minimum Revenue Provision (MRP)

The Council is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis by the Council or in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation charges are replaced by MRP by an adjustment between the General Fund and the Capital Adjustment Account in the Movement in Reserves Statement (MiRS) for the difference between the two.

2.4. Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

Termination benefits are payable following a decision by the Council to terminate an officer's employment before their normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. Costs are charged on an accruals basis to the respective Service line in the CIES at the earlier of when the Council can no longer withdraw the offer of the benefits or when the Council recognises costs for a restructuring.

Where termination benefits include the enhancement of pension benefits, regulations require the General Fund to be charged with the amount payable to the pension fund rather than the amount calculated under accounting standards. Entries are made in the MiRS to transfer the accounting standards based entries to the Pension Reserve and replace these with the amount payable to the pension fund or pensioner.

Note 1: Accounting Policies (continued)

Post-employment Benefits

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

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

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

However, the arrangements for the Teachers' scheme and the NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The Children and Families, and the Public Health and Leisure services line in the CIES are charged with the employer's contributions payable to Teachers' Pensions and NHS Pensions respectively in the year.

The Local Government Pension Scheme

The LGPS is accounted for as a defined benefits scheme.

The liabilities of the London Borough of Waltham Forest Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.

The assets of the London Borough of Waltham Forest Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price

Changes in the net pensions liability is analysed into the following components:

Service cost comprising:

- Current service cost for the increase in liabilities arising from the service earned in the year is recognised as a charge in the CIES to the services for which the employees worked.
- Past service cost arises from decisions taken in the current year relating to service earned in the previous year and is charged to Non-Distributed Costs in the Provision of Services in the CIES.
- Net interest expense on the net defined benefit liability is charged to the Financing and Investment Income and Expenditure (FIIE) line of the CIES. It reflects the cost of unwinding the discount applied in calculating the defined benefit liability because members are one year closer to receiving their pension.

Remeasurements comprising the return on plan assets and actuarial gains and losses are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure (OCIE).

The Council's contributions to the London Borough of Waltham Forest Pension Fund are charged to the General Fund via a transfer with the Pension Reserve via the MiRS in accordance with statutory requirements.

Note 1: Accounting Policies (continued)

Discretionary Benefits

The Council provides discretionary post-employment benefits which arise from additional service for early retirements. These benefits are unfunded, with costs met directly from the Council's revenue account.

2.5. Events after the reporting period

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date 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 such 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.

2.6. Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their cashflow characteristics.

Financial Liabilities

The Council's financial liabilities are all classified as liabilities at amortised cost. They are initially measured at fair value and subsequently carried at amortised cost using the effective interest rate.

Financial liabilities are carried in the Balance Sheet at the outstanding principal repayable plus accrued interest. Interest is charged to the FIIE line in the CIES.

The fair value of Public Works Loan Board (PWLB) loans are calculated using the certainty rate published by the PWLB on 31 March 2026.

For non-PWLB loans the fair value is deemed to be the standard new loan rate also published by the PWLB on 31 March 2026.

Where premiums and discounts have been charged to the CIES, regulations require the impact on the General Fund Balance to be spread over future years. In line with statutory requirements where premiums and discounts have been charged to the CIES, they are transferred to the Financial Instruments Adjustment Account (FIAA) via an entry in the MiRS. The General Fund is then charged with the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid via a transfer from the FIAA to the MiRS.

Financial Assets

Financial assets are classified based on the business model for holding the assets and their cashflow characteristics. The authority holds financial assets measured at:

- assets at amortised cost; and
- designated at fair value through other comprehensive income (FVOCI)

Note 1: Accounting Policies (continued)

Financial Assets at Amortised Cost

Financial assets at amortised cost are initially measured at fair value and subsequently carried at amortised cost. For the Council this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest. Interest is credited to the FIIE line in the CIES at the effective interest rate of the instrument.

Any gains or losses on derecognition of an asset are debited or credited to the FIIE line in the CIES.

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

Financial Assets measured at FVOCI

Financial Assets that are measured at FVOCI are initially measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are charged to OCIE within the CIES and taken to the Financial Instruments Revaluation Reserve (FIRR).

FVOCI instruments with a surplus fair value are carried in the Balance Sheet as long-term investments, and FVOCI instruments with a deficit value are carried as Other Long-Term Liabilities in the Balance Sheet. On disposal of the asset any accumulated revaluation gains or losses on the instrument are credited or debited to the FIIE within the CIES by a transfer from the FIRR.

2.7. Government Grants and Contributions

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

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

Where conditions attached to grants or contributions have not been satisfied, monies received to date are carried in the Balance Sheet as creditors and credited to the CIES when the conditions are satisfied.

When conditions are satisfied, the grant or contribution is credited to the relevant service line or taxation and non-specific grant income and expenditure in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the general fund balance in the movement in reserves statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Where it has been applied, it is posted to the capital adjustment account.

Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

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 (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

Note 1: Accounting Policies (continued)

2.8. Heritage Assets

Heritage assets are assets held and maintained principally for their contribution to knowledge and culture. The Council recognises war memorials, civic regalia and its historic artefacts and museum stocks in this category.

Heritage assets are recorded within the accounts at valuation arrived at by a reasonable basis. Insurance valuations, determined by our in-house experts with input from specialist external valuers where appropriate, have been used, along with estimated replacement costs for war memorials. The Council considers these assets to have an indefinite useful life and therefore depreciation is not applied.

2.9. Interests in Companies and Other Entities

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures. The value of these companies and entities is not material and therefore the Council is not required to prepare group accounts. In the Council's own single-entity accounts, the interests in these companies and other entities are recorded as financial assets at FVOCI.

3.0. Inventory

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

3.1. Investment Property

Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but are revalued annually according to market conditions at the year end.

Revaluation gains and losses are recognised in the FIIE line in the CIES. The same treatment is applied to gains and losses on disposal. However, regulations do not permit unrealised gains and losses to impact the General Fund balance. Therefore, gains and losses are reversed via the MiRS and posted to the Capital Adjustment Account.

Net rental income together with any revaluation gains and losses or impairments are recognised in the FIIE line within the CIES.

3.2. Leases

The Council as Lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

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

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

Note 1: Accounting Policies (continued)

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

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 the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, 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 the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- 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 more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, 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 using market prices or rentals for equivalent land and properties.

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

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a
- residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or
- termination option, or
- there is a revised in-substance fixed lease payment.

When such 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 being recorded in the income statement.

Note 1: Accounting Policies (continued)

Low value and short lease exemption

As permitted by the Code, the Council excludes leases:

- for low-value items that cost less than £10,000 individually when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The Council as Lessor

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

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the 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 (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), 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 is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

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

Note 1: Accounting Policies (continued)

Operating leases

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

3.3. Overheads and Support Services

Where support services are a department in their own right, they are recognised in the CIES in line with the Council's departmental management structure. Otherwise overheads are recharged to services in accordance with the Council's arrangements for accountability and financial performance.

3.4. Property, Plant and Equipment

Recognition

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

Property, plant and equipment is recognised where the initial cost or value exceeds £10,000.

Measurement

Assets are initially measured at cost, comprising:

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

The Council, under specific circumstances, recognises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset under IAS 23.

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

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

Asset type	Measurement basis
Vehicles, plant and equipment, infrastructure, community assets	Depreciated historical cost
Council dwellings	Current value, determined using the basis of existing use value for social housing (EUV–SH)
Assets under construction	Cost
Surplus assets	Fair value, estimated at highest and best use from a market participant's perspective
School buildings and other specialised assets	Depreciated replacement cost which is used as an estimate of current value
All other assets	Current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Note 1: Accounting Policies (continued)

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation, with a desktop revaluation in year three.

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

Impairment

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

Where impairment losses are identified, they are accounted for as follows:

- where there is a credit balance for the asset in the Revaluation Reserve, the impairment loss is charged against that balance until it is used up;
- thereafter, if there is no credit balance for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

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

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated using the straight-line method to allocate the cost or revalued amount of assets, net of their residual value, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- council dwellings - 55 - 60 years
- other buildings - 5 - 60 years
- vehicles, plant, furniture and equipment - 4 - 25 years

Where an asset is material and has major components, whose cost is significant (lower of 20% or £400,000) in relation to the total cost (de minimis of £2m) of the asset, the components are depreciated separately. This will only be considered and applied in cases where the omission to recognise and depreciate a separate component may result in material differences in the accounts and is not currently applied to dwellings.

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

Disposals

When an asset is disposed of or decommissioned, the gain or loss on disposal is recognised in the Other Operating Expenditure line in the CIES. Gains and losses on disposals comprise the following elements:

- The capital receipt from the proceeds of the sale. Only receipts over £10,000 are classed as capital receipts. The capital receipt element of the gain/loss on disposal is transferred to the Capital Receipts Reserve via the MiRS;
- The carrying value of the asset disposed of or decommissioned, which is transferred to the Capital Adjustment Account via the MiRS;
- Any costs of administering the disposal

Any revaluation gains accumulated for the asset in the Revaluation Reserve are written out to the Capital Adjustment Account.

A proportion of capital receipts relating to housing disposals is payable to the Government.

3.5. Highways 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 Council 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

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year.

Note 1: Accounting Policies (continued)

Useful lives of the various parts of the highways network are assessed as follows:

Part of the Highways network	Useful life
Electric Vehicle Charging Stations	8 years
Traffic Management systems	10 years
Street furniture	12-20 years
Footways and cycle tracks	20 years
Carriageways	25 years
Street lighting	30 years
Structures (bridges, tunnels and underpasses)	100 years

Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are 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).

The written-off amounts of disposals are 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 transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

3.6. Service Concessions

Service concessions (also known as PFI and similar contracts) are contracts to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The Council recognises the assets used under the contracts in its Balance Sheet within Property, Plant and Equipment because it both controls the services provided under these contracts and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

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

- Fair value of services received during the year – debited to the relevant service in the CIES;
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the FIIE line in the CIES;
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the FIIE line in the CIES;
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease); and
- Lifecycle replacement costs – a proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

Note 1: Accounting Policies (continued)

3.7. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

Contingent Liabilities

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities in a note to the accounts unless the outflow of resources is remote.

Contingent Assets

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

3.8. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance in the MiRS to the relevant earmarked reserve.

Where revenue expenditure is financed from a reserve a credit is made the General Fund or the HRA Balance from the relevant earmarked reserve via the MiRS.

3.9. Revenue Expenditure Funded from Capital under Statute

Legislation requires defined items of expenditure charged to services within the CIES to be treated as capital expenditure. All such expenditure is transferred from the General Fund balance to the Capital Adjustment Account via the MiRS and is included in the Capital Expenditure and Financing disclosure.

4.0. Schools

The Code 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 authority as if they were the transactions, cash flows and balances of the authority.

4.1. VAT

The CIES excludes amounts relating to VAT. VAT is only recognised as an expense if it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

Note 2: Accounting Standards Issued but Not Yet Adopted

Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2025/26 Code).

This means that only the standards listed below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

The standards introduced by the Code where disclosures are required in the 2025/26 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

1. Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
2. Amendments to the classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
3. Annual improvements to IFRS accounting standards - volume 11 issued in July 2024
4. Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024

None of the above changes are expected to have a material impact on the 2025/26 accounts.

Note 3: Critical Judgements in Applying Accounting Policies

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

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

- School service concessions – the Council is deemed to control the services and the residual assets created under the contracts for Lammas School, Grouped Schools and Frederick Bremer School. The accounting policies for service concessions have been applied to these contracts and assets recognised on the Council's Balance Sheet.

- The Council has completed a school by school assessment across the different schools operated within the Borough in order to determine the individual accounting treatments. Judgements have been made to determine the arrangements in place and the accounting treatment of the Non-Current Assets. As a result, the Council recognises school assets for Community schools on the Balance Sheet. The Council does not recognise assets relating to Academies, Voluntary Aided (VA), Voluntary Controlled (VC) or Free Schools as the view has been adopted that these entities were deemed to be owned by the relevant Dioceses or Trusts following consultation and review.

- The Council has reviewed its partnership arrangements, entered into under Section 75 of the National Health Service Act 2006, and determined that the Better Care Fund is a non-pooled fund, and therefore, only the Council's own expenditure and income has been accounted for within the relevant service line in the Comprehensive Income and Expenditure Statement.

Note 4: Assumptions Made About the Future and Other Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet as at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment - depreciation	Assets are depreciated over useful lives that are dependent upon assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. Assets have been valued by the Authority's external valuers on the basis of 5 years rolling valuation programme, supported by indexation adjustments in years where assets are not valued. In the current economic climate, the Balance Sheet valuation of £2,636m may be subject to fluctuations.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £0.777m for every year that useful lives had to be reduced. Based on the assets that were valued in the year as part of the five-year rolling revaluation programme, the average increase in the value of assets was £11.7m averaging 3%. For those assets where indexation was applied, the average increase in the value of assets was £0.3m averaging 1%. If the asset valuation of all property plant and equipment were to fall by 1% a reduction in value of £26.36m would arise. This would normally be reversed to the Revaluation Reserve. Where revaluation losses exceed unrealised gains, the net loss would be charged to the Consolidated Income and Expenditure Statement and subsequently written off to the Capital Adjustment Account.
Fair Value Measurements	When the fair values of financial assets and liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or discounted cash flow model). The Council uses the "Investment Method" of valuation to measure the fair value of its investment properties. Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties the valuation officer will use their expertise and experience).	The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels and the respective covenant strength of tenants. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties.
Provisions	The Council has made a number of provisions. Provisions are defined as probable future liabilities based on past events and therefore, there are inherent uncertainties related to amounts set aside as provisions. If future liabilities exceed the amount set aside in a provision, the additional expense would have to be met from the Council's revenue accounts.	An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would each have the effect of adding £1.1m to the provision needed.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effect on the net pensions liability of changes in individual assumptions can be measured. Variations in the key assumptions will have the following impact on the net liability: • A 0.5% increase in the discount rate will reduce the net liability by £61.7m • a 0.25% increase in inflation will increase the net liability by £32.2m • An increase of one year in longevity will increase the net liability by £23.1m
Arrears	At 31 March 2026, the Council had a balance of sundry debtors of £41.5m. The bad debt provision is reviewed annually and adjusted in accordance with current collection performance.	If collection rates were to deteriorate, any increase of the amount of doubtful debts would require an equivalent increase of the bad debt provision, which would be charged to the Council's Revenue Account.
Business Rates	The Council must meet its relevant share of backdated business rate appeals. A provision has been made within the accounts, utilising Valuation Office data and the analysis of successful appeals to date as at the end of the reporting period.	If the refunds payable are higher than the provision, the difference will reduce the balance on the Collection Fund and reduce the Council's share of business rates income in future years.

Note 5: Other Operating Expenditure

2024/25		2025/26
£'000		£'000
12,473	Levies	12,838
-	Payments to the Government housing capital receipts pool	-
1,447	Pension administration expenses	1,645
(18,008)	(Gains)/losses on the disposal of non-current assets	(16,092)
(4,088)	**Total**	**(1,609)**

Note 6: Financing and Investment Income and Expenditure

2024/25		2025/26
£'000		£'000
21,239	Interest payable and similar charges	21,096
15,979	Net interest on the net defined benefit liability (asset)	10,847
(4,208)	Interest receivable and similar income	(2,423)
601	(Income) and expenditure relating to investment properties and changes in their fair value	868
(3)	Other investment income	-
33,608	**Total**	**30,388**

Note 7: Taxation and Non-Specific Grant Income

2024/25		2025/26
£'000		£'000
(137,447)	Council tax income	(147,572)
(97,405)	Non-domestic rates income and expenditure	(97,588)
(23,215)	Revenue support grant	(23,654)
(2,524)	Non-ringfenced government grants	(12,817)
(45,905)	Capital grant and contributions	(50,673)
(306,496)	**Total**	**(332,304)**

Note 8: Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the Council has used available funding for the year (i.e. government grants, rents, council tax and business rates) in providing services, in comparison with those resources that the Council has consumed or earned in accordance with generally accepted accounting practices. It also shows how the Council has allocated this expenditure for decision making purposes between the Council's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25 Restated*				2025/26					
Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund and HRA Balances		Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund and HRA Balances	Transfer to/from earmarked reserve**	Adjustments to arrive at exp charged to GF and HRA balances**	As reported in the Narrative report**
£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000
27,994	(503)	27,491	Chief Executive	26,538	(1,365)	25,173	(2,480)	(14,032)	8,661
82,689	111	82,800	Adult Social Care	88,037	(209)	87,828	257	2,910	90,995
72,668	(9,168)	63,500	Children's and Education	75,802	(16,455)	59,347	(5,094)	14,219	68,472
13,006	(1,319)	11,687	Stronger Communities	12,382	(2,227)	10,155	64	5,601	15,820
38,616	(14,744)	23,872	Neighbourhoods and Environment	35,618	(17,944)	17,674	325	17,414	35,413
30,469	(16,411)	14,058	Place	36,710	(24,290)	12,420	(854)	17,849	29,415
19,944	(18)	19,926	Resources	20,336	(916)	19,420	(1,314)	(8,698)	9,408
(1,131)	13,982	12,851	Corporate Expenditure	(4,282)	21,571	17,289	772	6,262	24,323
(4,308)	(24,743)	(29,051)	Housing Revenue Account	(8,949)	(11,892)	(20,841)	-	20,841	-
279,947	**(52,813)**	**227,134**	**Net Cost of Services**	**282,192**	**(53,727)**	**228,465**	**(8,324)**	**62,366**	**282,507**
(276,976)	78,554	(198,422)	Other Income and Expenditure	(303,525)	81,055	(222,470)	(4,403)	(55,634)	(282,507)
2,971	**25,742**	**28,711**	**(Surplus)/Deficit**	**(21,333)**	**27,328**	**5,995**	**(12,727)**	**6,732**	**-**
		(122,387)	Opening General Fund and HRA Balance***			(92,032)			
		28,712	Less/plus surplus or (deficit) on General Fund and HRA balance in Year			5,994			
		1,643	Movement between reserves****			(557)			
		(92,032)	**Closing General Fund and HRA Balance*** **			**(86,595)**			

* Due to segment reporting changes for comparators the Cost of Service has been restated, refer to Note 39.

**These additional columns have been added to the EFA table to show adjustments between the revenue outturn reported in the Narrative Report and the net expenditure chargeable to GF and HRA balances. These adjustments mainly reflect:

1. Revenue outturn includes movements to earmarked reserves while the EFA shows the surplus or deficit on services prior to any movements to earmarked reserves
2. Revenue outturn includes charges for depreciation and amortisation within individual services and reversing adjustments within other income and expenditure whilst the EFA excludes these charges
3. Revenue outturn includes internal recharges while the EFA does not.

**HRA consist of HRA balance and HRA earmarked reserve. General Fund (GF) consist of GF balance and GF earmarked reserves. HRA earmarked reserves plus GF earmarked reserves is shown as earmarked reserve in the Movement in Reserve Statement. GF balance and HRA balance are separately identified in the Movement in Reserve Statement.

***Movement between reserves relates to £0.5m transfer from capital grants unapplied to earmarked reserve.

Note 8a: Expenditure and Funding Analysis (continued)

2024/25 Restated*					2025/26			
Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments		Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(587)	-	84	(503)	Chief Executive	(1,365)	-	-	(1,365)
(32)	-	143	111	Adult Social Care	(209)	-	-	(209)
(7,851)	-	(1,317)	(9,168)	Children's and Education	(7,514)	-	(8,941)	(16,455)
(1,319)	-	-	(1,319)	Stronger Communities	(2,227)	-	-	(2,227)
(14,924)	-	180	(14,744)	Neighbourhoods and Environment	(17,944)	-	-	(17,944)
(16,699)	-	288	(16,411)	Place	(24,290)	-	-	(24,290)
(226)	-	208	(18)	Resources	(916)	-	-	(916)
(913)	14,878	17	13,982	Corporate Expenditure	(730)	22,301	-	21,571
(26,137)	1,288	106	(24,743)	Housing Revenue Account	(13,909)	2,017	-	(11,892)
(68,688)	**16,166**	**(291)**	**(52,813)**	**Net Cost of Services**	**(69,104)**	**24,318**	**(8,941)**	**(53,727)**
97,173	(17,426)	(1,192)	78,555	Other income and expenditure from the Funding Analysis	91,809	(12,492)	1,738	81,055
28,485	**(1,260)**	**(1,483)**	**25,743**	**Difference between (Surplus)/Deficit and the CIES Statement (Surplus)/Deficit on Provision of Services**	**22,705**	**11,826**	**(7,203)**	**27,328**

* Due to segment reporting changes for comparators the Cost of Service has been restated, refer to Note 39.

Note 8b: Expenditure and Funding Analysis (continued)

Adjustments for Capital Purposes

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

- **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 as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

This column adjusts for the net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- For **Services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure –** the net interest on the defined benefit liability is charged to the CIES.

Note 8c: Expenditure and Funding Analysis (continued)

Other Statutory Adjustments

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

- For **Financing and investment income and expenditure** the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR 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.

Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- For **financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.
- For **taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for unringfenced government grants.

Expenditure and income analysed by nature

Restated 2024/25		2025/26
£'000		£'000
	Expenditure	
320,668	Employee Benefit Expenses	328,260
611,568	Other Service Expenses*	630,015
64,609	Depreciation, Amortisation, Impairment	77,182
21,238	Interest Payments	21,096
12,473	Precepts and Levies	12,838
-	Payments to the Housing Capital Receipts Pool	-
2,330	Losses on Disposals	-
1,032,886	**Total expenditure**	**1,069,391**
	Income	
(259,187)	Fees, charges and other service income*	(269,174)
(4,208)	Interest and investment income	(2,423)
(234,852)	Income from council tax, non-domestic rates	(245,160)
(511,330)	Government grants and contributions*	(557,875)
(20,338)	Gains on Disposals	(16,092)
(1,029,915)	**Total income**	**(1,090,724)**
2,971	**(Surplus) or Deficit on the Provision of Services**	**(21,333)**

*The 2024/25 Other service expenses, fees, charges and other service income and government grants and contributions have been restated due to misallocation, please refer to note 39

Note 9: Partnership Arrangements

Section 75 of the National Health Service Act 2006 gives powers for NHS bodies and local authorities to establish and maintain pooled funds out of which payment may be made towards expenditure incurred in the exercise of prescribed local authority and prescribed NHS functions.

Better Care Fund (BCF)

Waltham Forest Council and NHS North East London Integrated Care Board (NHS NEL ICB) are partners in the provision of integrated local health and social care systems. The Care Act 2014 amended the NHS Act 2006 to provide the legislative basis for the Better Care Fund and in accordance with Section 75 of the act, an agreement exists for the pooled fund between the Council and NHS NEL ICB for the 2025/26 financial year.

The pooled funds are hosted by the Council. 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.

Included in the Pooled Budget Arrangement is the NHS Minimum Contribution, the LA Disabled Facilities and Improved Better Care Fund grants and both partners' Discharge Fund grants.

Improved Better Care Fund (iBCF)

The **improved Better Care Fund** was announced in the Spending Review 2015; in addition to this a further improvement was announced in March 2017. The fund is held and received by Waltham Forest Council and supplements the work across the three work streams that oversee the delivery of the Better Care Together programme.

2024/25		Pooled Budget	2025/26	
BCF	iBCF		BCF	iBCF
£'000	£'000		£'000	£'000
		Funding from:		
(4,857)	(9,486)	L B Waltham Forest	(3,201)	(11,703)
(26,511)	-	NHS North East London ICB	(26,839)	
(31,368)	**(9,486)**		**(30,040)**	**(11,703)**
		Expenditure		
4,857	9,486	L B Waltham Forest	3,201	11,703
26,511	-	NHS North East London ICB	26,839	
31,368	**9,486**		**30,040**	**11,703**

Note 10: Members' Allowances

The Council paid allowances to its members in 2025/26 of £1.537 million (£1.441 million in 2024/25). Full details are available here:

https://www.walthamforest.gov.uk/council-and-elections/about-us/council-budgets-and-spending/councillors-allowances-and-expenses

Note 10a: Exit packages and termination benefits

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
	No:	No:	No:	No:	No:	No:	£'000	£'000
£0 - £20,000	3	28	47	31	50	59	524	529
£20,001 - £40,000	-	8	26	13	26	21	683	544
£40,001 - £60,000	-	-	9	2	9	2	436	86
£60,001 - £80,000	-	-	4	5	4	5	281	251
£80,001 - £100,000	-	-	3	1	3	1	277	53
£100,001 - £150,000	1	-	3	-	4	-	458	-
Total	**4**	**36**	**92**	**52**	**96**	**88**	**2,659**	**1,462**

Note 10b: Officers' Remuneration

The remuneration of senior employees, defined as those who are members of Management Board, or those holding statutory posts is as follows:

2025/26	Salary including fees and allowances	Taxable Expenses	Total Remuneration excluding Pension costs	Compensation for loss of office	Employers Pension Contributions	Total Remuneration including Pension contributions	Notes
	£	£	£	£	£	£	
Post holder information							
Chief Executive - Linzi Roberts-Egan	232,351		232,351		38,803	271,154	
Strategic Director of Resources - Robert Manning	173,378		173,378		28,954	202,332	
Strategic Director of Place - Joseph Garrod	170,159		170,159		28,417	198,575	
Strategic Director of Neighbourhoods and Environment - Deborah Porter	165,764		165,764		27,670	193,434	
Strategic Director of Stronger Communities - Temitope Ademosu	174,716		174,716		16,223	190,939	1
Strategic Director of Adult Services - Marc Gadsby	170,523		170,523		28,477	199,001	
Strategic Director of Children Services - Nicola Crouch	170,523		170,523		28,477	199,001	
Corporate Director of Transformation - Amy Buxton-Jennings	155,227		155,227		-	155,227	2
Corporate Director of Governance & Law	141,408		141,408		23,615	165,023	
Corporate Director of Culture and Workforce Development	141,408		141,408		23,615	165,023	3
Director of Public Health	134,130		134,130		22,410	156,540	
Corporate Director of Communications	133,397		133,397		22,277	155,674	3

Note 1. Temitope Ademosu left LBWF in October 2025.

Note 2. Amy Buxton-Jennings joined LBWF in June 2025 as Interim Director of Transformation

Note 3. The Corporate Director of Culture and Workforce Development, and Corporate Director of Communications, report directly to the Chief Executive.

Note 10b: Officers' Remuneration (continued)

Restated 2024/25	Salary including fees and allowances	Taxable Expenses	Total Remuneration excluding Pension costs	Compensation for loss of office	Employers Pension Contributions	Total Remuneration including Pension contributions	Note
	£	£	£	£	£	£	
Post holder information							
Chief Executive - Linzi Roberts-Egan	245,095	-	245,095		37,600	282,695	
Former Deputy Chief Executive - Shazia Hussain*	118,130	-	118,130		19,534	137,664	1
Strategic Director of Resources - Robert Manning	164,637	-	164,637		27,494	192,131	
Strategic Director of Place - Joseph Garrod	162,471	-	162,471		27,133	189,604	
Strategic Director of Place - Stewart Murray*	126,923		126,923		23,696	150,619	2
Strategic Director of Neighbourhoods and Environment - Deborah Porter	160,790	-	160,790		26,348	187,138	
Strategic Director of Stronger Communities - Temitope Ademosu*	79,628	-	79,628		13,298	92,926	3
Strategic Director of People - Heather Flinders*	26,062		26,062	43,500	2,899	72,461	4
Strategic Director of Adult Services - Marc Gadsby*	92,969	-	92,969		15,526	108,495	5
Strategic Director of Adult Services - Lisa Redfern	57,362	-	57,362			57,362	6
Strategic Director of Children Services - Nicola Crouch*	112,681	-	112,681		18,818	131,499	7
Strategic Director of Children Services - Christopher Spencer*	108,283	-	108,283			108,283	8
Corporate Director of Governance & Law	137,023	-	137,023		22,883	159,906	
Director of Public Health	130,034	-	130,034		21,716	151,750	9
Corporate Director of People, Organisational Development and Business Support**	137,023		137,023		22,883	159,906	10
Corporate Director of Communications**	30,475		30,475		5,021	35,496	10

*Pro-rated for 12 months of salary - over 150k therefore named in the accounts

** The 2024/25 disclosure has been restated to include two posts that report directly to the Chief Executive.

Note 1: Shazia Hussain left the council on 03/11/2024.

Note 2: Stewart Murray left the council on 31/01/2025

Note 3: Temitope Ademosu joined the council on 30/09/2024

Note 4: Heather Flinders left the council on 06/05/2024.

Note 5: Marc Gadsby joined the council on 05/09/2024

Note 6: Lisa Redfern was interim and left the council on the 31/08/2024

Note 7: Nicola Crouch joined the council on 22/07/2024

Note 8: Christopher Spencer was interim and left the council on 31/10/2024

Note 9: Section 57 of the Health and Social Care Act 2012 defines the Director of Public Health as a statutory chief officer by amendment to section 2(6) of the Local Government and Housing Act 1989, but is not a member of LBWF Management Board.

Note 10: The Corporate Director of People, Organisational Development and Business Support , and the Corporate Director of Communications, both report directly to the Chief Executive. The Corporate Director of Communications joined LBWF in January 2025.

Note 10b: Officers' Remuneration (continued)

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration band	2024/25			2025/26		
	Number of employees			Number of employees		
	Schools	Non Schools	Total	Schools	Non Schools	Total
£50,000 - £54,999	373	242	615	241	248	489
£55,000 - £59,999	36	163	199	187	189	376
£60,000 - £64,999	33	97	130	45	141	186
£65,000 - £69,999	38	59	97	56	63	119
£70,000 - £74,999	29	36	65	43	43	86
£75,000 - £79,999	28	41	69	20	19	39
£80,000 - £84,999	20	26	46	26	37	63
£85,000 - £89,999	12	7	19	12	22	34
£90,000 - £94,999	16	15	31	12	4	16
£95,000 - £99,999	8	9	17	16	11	27
£100,000 - £104,999	4	10	14	8	15	23
£105,000 - £109,999	6	4	10	5	13	18
£110,000 - £114,999	3	6	9	5	4	9
£115,000 - £119,999	3	4	7	2	4	6
£120,000 - £124,999	3	3	6	2	2	4
£125,000 - £129,999	-	4	4	1	2	3
£130,000 - £134,999	1	6	7	2	4	6
£135,000 - £139,999	-	3	3	1	-	1
£140,000 - £144,999	-	1	1	-	2	2
£145,000 - £149,999	-	-	-	2	-	2
£150,000 - £154,999	-	-		-	3	3
Total	**613**	**736**	**1,349**	**686**	**826**	**1,512**

The figures do not include staff employed by academies.

Note 11: External Audit Fees

The Council's external auditors for the audit of the Statement of Account in 2025/26 are KPMG LLP. The Council's external auditors for the certification of grant claims are Grant Thornton UK LLP. The Authority has incurred the following expenditure for services provided by the external auditors for the relevant year:

2024/25		2025/26
£'000		£'000
480	Fees payable in relation to the audit of the Statement of Accounts	467
64	Fees payable in relation to certification of grant claims and returns	60
543		**526**

Note 12: Dedicated Schools Grant (DSG)

The council's expenditure on schools and education is funded primarily by grant monies provided by the Department for Education, mostly via the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the school's budget, as defined in the School and Early Years Finance (England) Regulations 2025. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the individual school's budget (ISB), which is divided into a budget share for each maintained school.

Details of the Schools Budget funded by DSG receivable for 2025/26 are as follows:

2024/25			Schools budget funded by Dedicated Schools Grant	2025/26		
Central expenditure	Individual Schools budget (ISB)	Total		Central expenditure	Individual Schools budget (ISB)	Total
£'000	£'000	£'000		£'000	£'000	£'000
		335,385	Final DSG before Academy and high needs recoupment			370,140
		(125,037)	Academy and high needs figure recouped			(131,842)
		210,348	**Total DSG after academy and high needs recoupment**			**238,298**
		1,838	Brought forward DSG			
		-	Less carry forward agreed in advance			-
55,417	**156,769**	**212,186**	**Agreed Initial budgeted distribution**	**55,907**	**182,391**	**238,298**
	(802)	(802)	In year adjustments		(471)	(471)
55,417	**155,967**	**211,384**	**Final Budgeted Distribution**	**55,907**	**181,920**	**237,827**
(58,033)	-	(58,033)	less Actual central expenditure	(66,820)		(66,820)
-	(155,967)	(155,967)	less Actual ISB deployed to schools		(179,948)	(179,948)
(2,616)	**-**	**(2,616)**	**In year Carry Forward to 2025/26**	**(10,913)**	**1,972**	**(8,941)**
			DSG unusable reserve at the end of 2024/25			**(5,380)**
		-	Addition to DSG unusable reserve at the end of 2025/26			(8,941)
		(2,764)	Total of DSG unusable reserve at the end of 2025/26			(14,321)
		(5,380)	**Net DSG position at the end of 2025/26**			**(14,321)**

Note 13: Grant Income

The authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement

Restated 2024/25		2025/26
£'000		£'000
	Credited to Taxation and non-specific grant income	
(23,214)	Revenue Support Grant	(23,654)
(1,379)	New Homes Bonus Grant	(211)
-	Recovery Grant	(4,829)
-	PackUK Grant	(4,114)
-	Employers NI Grant	(2,387)
(1,146)	Other General Government Grants	(1,266)
(25,739)	**Total of Non-ringfenced government grants**	**(36,461)**
	Capital grant and contributions	
(2,497)	Basic Need (DfE)	(536)
(2,403)	Transport for London (TfL)	(4,187)
(2,783)	Capital Maintenance (DfE)	(3,624)
(2,931)	Disabled Facilities Grant	(3,137)
(1,053)	Local Community Infrastructure Levy Income	(981)
(7,973)	Levelling Up Fund	(8,423)
(20,172)	Other capital grants and contributions	(29,785)
(39,812)	**Total Capital grant and contributions**	**(50,673)**
	Credited to services	
(53,041)	Rent Allowance: subsidy (DWP)	(38,142)
(11,535)	Rent rebates outside HRA: subsidy (DWP)	(13,370)
(20,474)	Rent rebates granted to HRA tenants: subsidy (DWP)	(15,805)
(855)	Housing Benefit admin grant DWP)	(865)
(752)	Further education funding 19+ (SFA)	(183)
(2,998)	Sixth Form Funding (DfE)	(3,911)
(8,407)	PFI special grant (DfE)	(8,407)
(205,288)	Dedicated Schools Grant (DfE)*	(234,683)
(9,121)	Pupil Premium grant (DfE)	(7,327)
(7,082)	Flexible Homelessness Support Grant (MHCLG)	(10,556)
(23,491)	Adult Social Care Support Grant (MHCLG)	(27,699)
(9,486)	Improved Better care grant	(11,703)
(18,017)	Public Health Grant (DH)	(19,198)
(4,763)	Market Sustainability & Improvement Fund	(4,763)
(4,659)	Household support fund	(4,639)
(1,256)	Universal Infants Free School Meals	(5,455)
(33,259)	Other revenue grants (government)	(29,460)
(25,202)	Other revenue grants and contributions**	(25,204)
(439,686)	**Total of Government Grant credited to Net Cost of Services**	**(461,370)**

*The 2024/25 Dedicated Schools Grant (DfE) has been restated from £180.0m to £205m due to the misclassification of £25m of grant income as expenditure.

**24/25 Other revenue grants and contributions have been restated from £5.8m to £25.2m. The difference of £19.4m relates primarily to contributions excluded in error in the prior year accounts.

Note 13: Grant Income (continued)

The Council has received a number of grants and contributions that have yet to be recognised as income, as they have conditions attached to them that could require the money to be returned to the awarding body, they are held on the Balance Sheet under Current Liabilities. The balances as at 31 March 2025 are as follows:

2024/25		2025/26
£'000		£'000
(33,880)	Capital grants receipts in advance	(27,231)
(3,266)	Revenue grants receipts in advance	(4,044)

Note 14: Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

2025/26	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
Pensions costs (transferred to (or from) the Pensions Reserve)	10,845	981	-	-	-	-	(11,826)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	576	-	-	-	-	-	(576)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	1,162	-	-	-	-	-	(1,162)
Holiday pay (transferred to the Accumulated Absences Reserve)	-	-	-	-	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	2,068	(33,959)	-	-	-	(48,127)	80,018
Movement on DSG Adjustment Account	(8,941)	-	-	-	-	-	8,941
Adjustments between Revenue and Capital Resources:							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	237	26,376	-	(26,613)	-	-	-
Deferred sale proceeds credited as part of the gain loss on disposal to Deferred Capital Receipts Reserve	-	-	-	-	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	14,104	-	-	(14,104)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	9,137	-	-	-	-	-	(9,137)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	195	2,000	-	-	-	-	(2,195)
Other adjustments	-	-	(558)	6,554	-	(1,142)	(4,854)
Adjustments to Capital Resources:							
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	19,200	-	-	(19,200)
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	-	14,104	-	(14,104)
Application of capital grants to finance capital expenditure	2,547	-	-	-	-	44,497	(47,044)
Total Adjustments	**17,826**	**9,502**	**(558)**	**(859)**	**0**	**(4,772)**	**(21,139)**

Note 14: Adjustments Between Accounting Basis and Funding Basis Under Regulations (continued)

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

2024/25	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
Pensions costs (transferred to (or from) the Pensions Reserve)	(1,160)	(100)	-	-	-	-	1,260
Financial instruments (transferred to the Financial Instruments Adjustments Account)	578	-	-	-	-	-	(578)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	(1,752)	-	-	-	-	-	1,752
Holiday pay (transferred to the Accumulated Absences Reserve)	4,038	106	-	-	-	-	(4,144)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	(23,453)	(30,375)	-	-	-	(13,469)	67,297
Movement in fair value of Investment Properties	-	-	-	-	-	-	-
Movement on DSG Adjustment Account	(4,453)	-	-	-	-		4,453
Adjustments between Revenue and Capital Resources:							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	13,605	24,802	-	(38,407)	-		-
Deferred sale proceeds credited as part of the gain loss on disposal to Deferred Capital Receipts Reserve	(5,701)	-	-	-	-		5,701
Posting of HRA resources from revenue to the Major Repairs Reserve	-	14,029	-	-	(13,868)		(161)
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	8,173	-	-	-	-		(8,173)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,063	-	-	-	-		(1,063)
Other Adjustments	-	-	1,643	5	-	(413)	(1,235)
Adjustments to Capital Resources:							
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	23,102	-	-	(23,102)
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	-	13,868	-	(13,868)
Application of capital grants to finance capital expenditure	20,683	5,658	-	-	-	13,130	(39,471)
Cash payments in relation to deferred capital receipts	-	-	-	-	-	-	-
Total Adjustments	**11,621**	**14,120**	**1,643**	**(15,300)**	**-**	**(752)**	**(11,332)**

Note 15: Earmarked Reserves

Movement in Earmarked Reserves	01 April 2024	Transfers Out	Transfers In	Balance at 31 March 2025	Transfers Out	Transfers In	Balance at 31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corporate / Cross cutting	(31,640)	6,025	(1,863)	(27,478)	14,144	(10,884)	(24,218)
Budget Strategy Reserve	(27,111)	13,146	-	(13,965)	11,142	(882)	(3,705)
Total Corporate reserves	**(58,751)**	**19,171**	**(1,863)**	**(41,443)**	**25,286**	**(11,766)**	**(27,923)**
Service Reserves	(7,754)	2,594	(933)	(6,093)	8,988	(11,358)	(8,463)
General Fund earmarked reserves	**(66,505)**	**21,765**	**(2,796)**	**(47,536)**	**34,274**	**(23,124)**	**(36,386)**
Grant related reserves (General Fund)	(17,459)	10,127	(2,835)	(10,167)	10,903	(13,977)	(13,241)
Schools reserves	(16,822)	16,656	(11,174)	(11,340)	22,514	(18,422)	(7,248)
HRA earmarked reserves	(1,178)	-	-	(1,178)	-	-	(1,178)
Total Earmarked reserves	**(101,964)**	**48,548**	**(16,805)**	**(70,221)**	**67,691**	**(55,523)**	**(58,053)**

The **Corporate/Cross Cutting Reserve** holds funds for corporately controlled activities.

The **Budget Strategy Reserve** has been set aside to support the overall budget strategy: it will be used to manage risks, contribute towards managing any future reductions in government support, provide a source for investing in achieving future reductions and, enable some of the Council's urgent priorities access to funds.

The **Service Reserve** hold funds earmarked for service activities.

The **Grant Related Reserve** holds unused grant monies received by the Council.

The **Schools Reserves** are at the disposal of the schools and are not available to the Council for general use.

A full list of earmarked reserves is published annually as part of the Council's Revenue and Capital Outturn Report to Cabinet.

Note 16: Property, Plant and Equipment

Values as at 31 March 2026

The tables on the following pages show a breakdown of the opening and closing values of PPE assets and summarise the transactions during the year, for each class of asset.

Movements in 2025/26	Operational assets				Non-operational assets		Total
	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Community assets	Surplus assets	Assets under construction	Property, plant and equipment (excluding Infrastructure assets)*
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 April 2025	**985,285**	**1,172,378**	**22,234**	**27,986**	**24,578**	**85,153**	**2,317,614**
Additions	48,056	20,082	610	108	1,229	53,846	123,930
Depreciation written out to gross amount on revaluation	(12,426)	(40,415)			(1,230)		(54,071)
Revaluation increases/(decreases) recognised in the revaluation reserve	7,458	34,262			(359)		41,360
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(16,870)	(1,453)			(562)		(18,885)
Assets reclassified (to)/from Held for Sale and Investment Properties							-
Derecognition – disposals	(9,085)		(15)				(9,100)
Derecognition – Other	(728)						(728)
Other transfers/movements	3,191	6,639				(44,432)	(34,601)
At 31 March 2026	**1,004,880**	**1,191,493**	**22,829**	**28,095**	**23,655**	**94,567**	**2,365,519**
Accumulated depreciation and impairment							
At 1 April 2025	**-**	**(26,477)**	**(11,638)**	**(85)**	**(818)**	**(11)**	**(39,029)**
Depreciation charge	(12,548)	(15,532)	(1,365)		(411)		(29,857)
Depreciation written out to the revaluation reserve	12,429	40,415			1,230		54,074
Depreciation written out to the surplus/(deficit) on the provision of services							-
Derecognition – disposal	110		3				113
Derecognition – Other	9						9
Other transfers/movements			13			11	24
At 31 March 2026	**(0)**	**(1,594)**	**(12,988)**	**(85)**	**0**	**(0)**	**(14,667)**
Net book value at 31 March 2026	**1,004,880**	**1,189,900**	**9,841**	**28,010**	**23,656**	**94,567**	**2,350,853**
Net book value at 31 March 2025	**985,285**	**1,145,901**	**10,596**	**27,901**	**23,760**	**85,142**	**2,278,585**

*Note: Excludes infrastructure assets, which are shown in Note 16b

Note 16: Property, Plant and Equipment (continued)

Values as at 31 March 2025

The tables on the following pages show a breakdown of the opening and closing values of PPE assets and summarise the transactions during the year, for each class of asset.

Movements in 2024/25	Operational assets				Non-operational assets		Total
	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Community assets	Surplus assets	Assets under construction	Property, plant and equipment (excluding Infrastructure assets)*
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2024	**928,451**	**1,125,131**	**18,559**	**26,573**	**11,477**	**101,066**	**2,211,257**
Additions	51,589	17,126	3,675	190	858	39,506	112,944
Depreciation written out to gross amount on revaluation	(11,799)	(15,256)	-	-	(37)	-	(27,092)
Revaluation increases/(decreases) recognised in the revaluation reserve	31,025	1,797	-	-	721	2,712	36,255
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(13,568)	1,073	-	-	(210)	-	(12,705)
Assets reclassified (to)/from Held for Sale and Investment Properties	1,411	(1,600)	-	-	-	(571)	(760)
Derecognition – disposals	(1,824)	(65)	-	-	-	(396)	(2,285)
Other transfers/movements	-	44,172	-	1,223	11,769	(57,164)	-
At 31 March 2025	**985,285**	**1,172,378**	**22,234**	**27,986**	**24,578**	**85,153**	**2,317,614**
Accumulated depreciation and impairment							
At 1 April 2024	**-**	**(26,176)**	**(10,325)**	**(85)**	**(257)**	**(11)**	**(36,854)**
Depreciation charge	(11,816)	(15,955)	(1,312)	-	(204)	-	(29,288)
Depreciation written out to the revaluation reserve	11,799	15,256	-	-	37	-	27,092
Depreciation written out to the surplus/(deficit) on the provision of services							-
Derecognition – disposal	17	4	-	-	-	-	21
Other transfers/movements	-	394	-	-	(394)	-	-
At 31 March 2025	**-**	**(26,477)**	**(11,637)**	**(85)**	**(818)**	**(11)**	**(39,029)**
Net book value at 31 March 2025	**985,285**	**1,145,901**	**10,596**	**27,901**	**23,760**	**85,142**	**2,278,585**
Net book value at 31 March 2024	**928,451**	**1,098,955**	**8,234**	**26,488**	**11,220**	**101,055**	**2,174,403**

*Note: Excludes infrastructure assets, which are shown in Note 16b

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Sanderson Weatherall undertook valuations on behalf of the Council in 2025/26 for operational property and investment property. HRA stock was valued at 31st March 2026.

The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The value of Council dwellings has been adjusted annually on the basis of property valuation indices, taking into account an adjustment factor to reflect the lower value of social housing. Valuations concerning vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices, with consideration given for the condition of the asset.

Note 16a: Intangible Assets and Assets Held for Sale

Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets represent the value of purchased licences only.

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

2024/25		2025/26
£'000		£'000
	Intangible fixed assets software and system development	
17,831	Gross carrying amounts	18,686
(4,936)	Less accumulated amortisation	(6,442)
12,895	**Net carrying amount at start of year**	**12,244**
	Additions:	
855	Purchases	55
-	Other movements	
(1,506)	Less amortisation for the period	**(1,637)**
12,244	**Net carrying amount at end of year**	**10,662**
	Comprising:	
18,686	Gross carrying amounts	18,741
(6,442)	Less accumulated amortisation	(8,079)

Asset Held for Sale

2024/25		2025/26
£'000		£'000
15,151	**Balance at 1 April**	**4,148**
	Assets newly classified as held for sale:	
2,170	- property, plant and equipment	-
669	Additions	-
(12,431)	Assets sold	(659)
-	Revaluation losses	-
(1,411)	Declassification from Held for Sale to PPE	-
4,148	**Balance at 31 March**	**3,489**

Note 16b: Highways Infrastructure Assets

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

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

Movements on balances	2024-25	2025-26
	£'000	£'000
Net book value (modified historical cost)	-	
At 1 April	103,192	105,374
Additions	12,216	12,176
Depreciation	(10,035)	(9,570)
Other movements in cost	-	33,099
Net book value at 31 March	**105,374**	**141,080**

The below table reconciles the individual disclosure notes to the total property, plant, and equipment balance on the face of the balance sheet.

Reconciliation of Property, Plant and Equipment	31-Mar-25	31-Mar-26
	£'000	£'000
Infrastructure assets	105,374	141,080
Other PPE assets	2,278,585	2,350,853
Total PPE Assets	**2,383,959**	**2,491,933**

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets where there is replacement expenditure is nil. This means that the figures presented below represent the spend and depreciation calculated for this asset class, but due the information deficits, may not accurately reflect the true value of these assets.

Note 17: Capital Commitments

Capital Commitments

At 31 March 2026, the Council had a number of capital schemes/projects planned for future years. This refers to schemes with a contractual commitment in excess of £1 million which are detailed below, schemes less than £1 million have been grouped under other minor schemes. Similar commitments at 31 March 2025 amounted to £60.7m. As at 31 March 2026, the Council had the following major commitments:

	2025/26
	£'000
Housing Delivery/Other (HRA)	17,671
Housing Assets (HRA)	11,649
Regen, Planning and Delivery	1,240
Schools Programme	4,509
Neighbourhoods and Environment Service	2,908
Other Minor Schemes	20,127
Total	**58,105**

Note 18: Heritage Assets

It is the Council's policy that the museum collections may be added to on an ad hoc basis, according to the suitability of items that become available and occasionally items may be disposed of taking into account various criteria including a presumption that the item will remain in the public domain. Care is taken to preserve the condition and protect the security of all heritage assets; regular inspections are undertaken and experts may be called upon for conservation works.

2024/25		2025/26
£'000		£'000
56,845	**Balance at 1 April**	**56,845**
-	Additions	-
-	Revaluations	1,426
56,845	**Balance at 31 March**	**58,271**

Note 19: Investment Property

Investment properties are measured initially at cost and subsequently at fair value. Investment Properties are not depreciated but are revalued annually according to market conditions at the year-end.

The following table summarises the movements in the carrying values of investment properties over the year.

2024/25		2025/26
£'000		£'000
7,637	**Balance at 1 April**	**8,212**
	Additions	
966	Enhancement	
-	Transfer from PPE	
(391)	Net gains/(losses) from fair value adjustments	(868)
8,212	**Balance at 31 March**	**7,344**

The following items of income and expenditure have been accounted for in the Comprehensive Income and Expenditure Statement, under the Financing and investment income and expenditure line:

2024/25		2025/26
£'000		£'000
(315)	Rental income from investment property	(403)
84	Direct operating expenses arising from investment property	140
(231)	**Total**	**(263)**

Note 19: Investment Property (continued)

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 for repairs, maintenance or enhancement. There are contractual obligations to repair and maintain the fabric of the investment property which is reflected in the valuation.

The minimum lease rental income receivable is as follows:

2024/25		2025/26
£'000		£'000
133	Within one year	262
356	Between one and five years	1,028
204	Later than five years	359
693	**Total**	**1,649**

Note 20: Cash and Cash Equivalents

2024/25		2025/26
£'000		£'000
24	Cash held by the Council	24
15,048	Bank current accounts	11,590
45,261	Short-term deposits	23,402
60,333	**Cash and cash equivalents**	**35,016**

Note 21: Financial Instruments

By Category

2024/25				2025/26		
Non-Current	Current	Total		Non-Current	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
			Financial Assets			
-	-	-	*Fair value through profit and loss*	832		832
-	**-**	**-**		**832**	**-**	**832**
			Amortised cost			
1,400	35,502	36,902	Investments		15,000	15,000
14,864	102,993	117,857	Debtors	15,114	99,314	114,427
-	60,333	60,333	Cash and cash equivalents	-	35,016	35,016
16,264	**198,828**	**215,092**		**15,114**	**149,330**	**164,444**
	-	-	Fair value through other comprehensive income			
16,264	**198,828**	**215,092**	**Total financial assets**	**15,946**	**149,330**	**165,276**
			Financial Liabilities			
			Amortised cost			
(391,118)	(146,615)	(537,733)	Loans outstanding	(433,328)	(112,190)	(545,518)
(16,149)	(12,519)	(28,668)	PFI contracts	(10,729)	(15,340)	(26,069)
(3,898)	(1)	(3,899)	Finance leases		(3,898)	(3,898)
-	(122,844)	(122,844)	Creditors		(122,639)	(122,639)
-	-	-	Bank overdraft			-
(411,165)	**(281,979)**	**(693,144)**		**(444,057)**	**(254,067)**	**(698,123)**
(1,645)	-	(1,645)	Fair value through other comprehensive income	(3,918)		(3,918)
(412,810)	**(281,979)**	**(694,789)**	**Total financial liabilities**	**(447,975)**	**(254,067)**	**(702,041)**

Note 21: Financial Instruments (continued)

Income, Expense, Gains and Losses

Restated 2024/25				2025/26			
Financial Liabilities	Financial Assets			Financial Liabilities		Financial Assets	
Liabilities at amortised cost	Loans and Receivables	Fair value through other comprehensive income		Fair value through other comprehensive income	Liabilities at amortised cost	Loans and Receivables	Fair value through other comprehensive income
£'000	£'000	£'000		£'000	£'000	£'000	£'000
			Net gains/Losses on:				
			Net loss on financial assets at fair value through profit and loss				
21,239			Interest expense*		21,096		
			Impairment Losses				
21,239	-	-	**Total expense in Surplus/Deficit on the Provision of Service**		21,096	-	-
	(4,208)		Interest income			(2,423)	
-	**(4,208)**	-	**Total Income in Surplus/Deficit on the Provision of Services**			(2,423)	
			Interest revenue				
		(1,645)	(Gains)/Loss on Revaluation	568			2,272
			Losses/(Gain) on Revaluation				-
-	-	**(1,645)**	**(Surplus)/Deficit arising on Revaluation of financial Assets in Other Comprehensive Income and Expenditure**	**568**	-	-	**2,272**
21,239	**(4,208)**	**(1,645)**	**Net gain/Loss for the Year**	**568**	**21,096**	**(2,423)**	**2,272**

* The 2024/25 Interest Expense was incorrectly stated at £18.413m, this has been corrected to £21.239m as per Note 6

Note 22: Nature and Extent of Risks Arising from Financial Instruments

Overall procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and seeks to minimise potential adverse risks on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy and the annual investment strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risks and the investment of surplus cash.

Credit Risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Council.

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to Council customers. This risk is minimised through the Annual Investment Strategy available on the Council website.

Annual Investment Strategy 2025-26

Credit Risk - Treasury Investments

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating:

Restated 2024/25			Fitch Rating	2025/26		
FVOCI	Loans and Receivables*	Cash and cash equivalents		FVOCI	Loans and Receivables	Cash and cash equivalents
£'000	£'000	£'000		£'000	£'000	£'000
-	-	40,151	AAA	-	-	22,398
-	10,355	5,110	A+	-	-	1,161
-	-	-	A	-	-	-
-	-	-	A-	-	-	-
-	20,034	-	AA-	-	15,050	-
-	-	-	BBB+	-	-	-
-	-	-	BBB	-	-	-
-	-	-	BB-	-	-	-
	124,370	15,072	Not Applicable	832	114,378	11,457
-	**154,759**	**60,333**		**832**	**129,428**	**35,016**

* The 2024/25 Loans and Receivables incorrectly included the Cash and cash equivalent £60.333m and excluded the non-current Investments of £1.4m within the reported £213.691m this has been restated to £154.759m.

The maximum individual counterparties exposure limit is £5m for each investments, except with the Barclays Bank which is the Council's main current account . Overall the portfolio is diversified by the use of 16 counterparties.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. The estimated loss is negligible as the investments mature within 12 months, therefore no loss allowance has been provided.

Note 22: Nature and Extent of Risks Arising from Financial Instruments (continued)

Credit Risk - Trade Debtors

The Council does not allow credit for customers, as such, all unpaid balances are past due date for payment. The gross past due sundry debtor amount can be analysed by age as follows:

31-Mar-25		31-Mar-26
£'000		£'000
14,017	Less than three months	16,217
7,649	Three months to one year	9,933
12,160	More than one year	15,368
33,826	**Total**	**41,518**

The impairment allowance on trade debtors has been calculated using the lifetime credit losses basis:

2025/26		2025/26
£'000		£'000
16,175	Balance c/f	16,430
255	Increase/(decrease) in impairment allowance	2,206
16,430	**Balance c/f**	**18,636**

Liquidity risk

Liquidity risk is the risk that the Council will have insufficient funds in its bank account to make the payments necessary to meet its financial obligations.

The Council has a comprehensive cash flow management system which seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets, the Public Works Loans Board and its treasury investment portfolio which is considered to be liquid. There is no significant risk that the Council will be able to raise finance to meet its commitments under financial instruments.

31-Mar-25		31-Mar-26
£'000		£'000
131,615	Less than one year	112,190
13,175	Between 1 and 2 years	24,354
85,596	Between 3 and 5 years	119,041
31,177	Between 6 and 10 years	27,701
266,170	More than 10 years	262,232
537,733	**Total**	**545,518**

Note 22: Nature and Extent of Risks Arising from Financial Instruments (continued)

Market risk

Market risk is the possibility that financial loss might arise as a result of changes in interest rates.

The Council is exposed to interest movements on its borrowings and investments. Movements on interest rates have a complex effect on the Council depending on how variable and fixed interest rates move across differing financial instruments periods. For instance a rise in variable and fixed interest rates would have the following effects:

Borrowings at variable rates	The interest expense charged to the Comprehensive Income and Expenditure Statement will rise
Borrowings at fixed rates	The fair value of the borrowing will fall (no impact on revenue balances)
Investments at variable rates	The interest income credited to the Comprehensive Income and Expenditure Statement will rise
Investments at fixed rates	The fair value of the assets will fall (no impact on revenue balances)

Investments measured at amortised cost and loans borrowed are not carried at fair value on the Balance Sheet, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement.

However changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the provision of services and affect the General Fund balance.

The Council has limited interest rate risk from its short-term borrowing which needs to be regularly refinanced as part of the strategy to benefit from low short-term interest rates. This risk is mitigated by the ability of the Council to switch from short-term to long-term borrowing should the UK enter a period of rising interest rates.

As part of a balanced portfolio, the interest rate risk is further mitigated by the following:

(i) maturing short-term investments can be used to pay down debt, should it become cost-effective to do; and

(ii) having a substantial part of the loan debt portfolio with maturity dates spread evenly over the next 30 years at fixed interest rates reducing the re-financing risk.

The treasury team will monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rate borrowing would be postponed.

At 31 March 2026, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

Interest Rate Risk	**£'000**
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	236
Impact on surplus/deficit on the provision of services	**236**

Note 22: Nature and Extent of Risks Arising from Financial Instruments (continued)

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

Impact on other comprehensive income and expenditure	£'000
Decrease in fair value of fixed rate investment assets	-
Decrease in fair value of fixed rate borrowings liabilities	(27,109)

The impact of a 1% fall in interest rates would be as above but with the movements being reversed, but would increase the fair value of borrowings by	33,253

The above sensitivity analysis is based on the loans and investments as at 31 March 2026.

Note 23: Capital Expenditure and Financing

The Capital Financing Requirement (CFR) is a Prudential Code indicator which shows the underlying need for the Council to borrow to fund its non current assets. The requirement is increased by capital expenditure financed from borrowing and decreased by revenue or capital resources put aside for the repayment of debt. An explanation of the movement in the year ended 31 March 2026 is shown in the table below.

Total expenditure incurred on improvement, enhancement and acquisition of non-current assets in 2025/26 was £143m (2024/25 was £132m). The finance sources used are shown below and include amounts used to finance REFCUS expenditure.

Restated 2024/25		2025/26
£'000		£'000
637,678	**Opening capital financing requirement***	**743,569**
76,704	**IFRS 16 Rights of Use Assets**	
	Capital investment	
125,829	Property, plant and equipment	136,106
966	Investment Properties	-
855	Intangible Assets	55
4,149	Revenue expenditure funded from capital under statute	6,830
	Long Term Debtor	250
	Right-of-use Asset	4,917
	Sources of finance	
(23,102)	- Capital receipts	(19,200)
(39,471)	- Government grants and other contributions	(47,044)
(13,868)	- Major repairs reserve	(14,104)
(6,093)	- Donated Assets Applied - RoU Assets	(664)
	- Adjustment to HRA CFR	(4,854)
	Sums set aside from revenue	
(1,063)	- Direct revenue financing	(2,195)
(8,173)	- Minimum revenue provision	(9,137)
(10,842)	- Minimum revenue provision - RoU Assets	(16,801)
743,569	**Closing capital financing requirement**	**777,728**
	Explanation of movements in year:	
29,187	Increase/(decrease) in underlying need to borrow	34,159
29,187	**Increase/(decrease) in CFR for the year**	**34,159**

* The opening capital financing requirement for 2024/25 has been adjusted by £0.765m, from £636.913m to 637.678m, this is because the Capital Investment in Property, plan and equipment in the 2023/24 comparator amount included in the 2024/25 accounts, was understated incorrectly by this adjustment amount.

Note 24: Leases

Council as lessee

Finance leases

The Council has interests in three industrial estates acquired under finance leases. The assets are carried as operational land and buildings in the Balance Sheet at £9.361m (£8.379m 2024/25).

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

2024/25		2025/26
£'000		£'000
	Finance lease liabilities (net present value of minimum lease payments):	
1	- current (not later than one year)	2
3,898	- non-current (later than one year)	3,896
19,214	Finance costs payable in future years	18,883
23,113		**22,781**

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

2024/25			2025/26	
Minimum lease payments	Finance lease liabilities		Minimum lease payments	Finance lease liabilities
£'000	£'000		£'000	£'000
332	1	Not later than 1 year	332	2
1,328	5	Later than 1 year and not later than 5 years	1,328	5
21,453	3,891	Later than 5 years	21,121	3,889
23,113	**3,897**		**22,781**	**3,896**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2025/26, £0.980m of contingent rents were payable by the Council (£0.980m in 2024/25).

The Council has sub-let industrial units held on the sites held under these finance leases. At 31 March 2026, the minimum payments expected to be received under non-cancellable sub-leases was £5.424m (£5.046m at 31 March 2025). These are included within the disclosures of operating leases where the Council is lessor below.

Note 24: Leases (continued)

Rights of Use Assets

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2025, 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%
- 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 2025 – any initial direct costs have been excluded
- Rights-of-use assets are depreciated on a straight-line basis over the lease term.

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

Rights-of-use-assets 2025-26	Land and Buildings	Vehicles, Plant and Equipment	Total
	£'000	£'000	£'000
Balance at 1 April 2025	65,252	146	65,398
Additions	4,764	153	4,917
Derecognition	(826)		(826)
Depreciation and Amortisation	(17,149)	(105)	(17,254)
Balance at 31 March 2026	**52,041**	**194**	**52,235**

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

Comprehensive income and expenditure statement	2024/25	2025/26
	£'000	£'000
Interest expense on lease liabilities	2,824	2,551
Expense relating to short-term leases	68	1,451
Expense relating to exempt leases of low-value items	220	53
Variable lease payments not included in the measurement of lease liabilities	635	
Income from subletting right-of-use assets	(11,351)	(13,399)
Cash flow statement		
Total Cash outflow for leases	**(7,604)**	**(9,344)**

Note 24: Leases (continued)

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands measured at the undiscounted amounts of expected cash payments.

	2024/25	2025/26
	£'000	£'000
Less than one year	9	15,846
One to five years	55,825	19,968
More than five years	51,870	52,180
Total undiscounted liabilities	**107,704**	**87,994**

Council as lessor

Finance leases

The Council has leased out property at the Selborne Walk shopping centre to the Mall Limited Partnership on a finance lease. The lease commenced in 1988 for an initial term of 99 years with an option to extend to 125 years; it is expected that this option will be exercised and based upon this, the remaining term is calculated to be 90 years.

The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term. The minimum lease payments comprise settlement of the long term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

31 March 2025		31-Mar-26
£'000		£'000
	Finance lease debtor (net present value of minimum lease payments):	
1	- current (not later than one year)	1
3,808	- non-current (later than one year)	3,807
18,604	Unearned finance income	18,350
22,413	**Gross investment in the lease**	**22,158**

Note 24: Leases (continued)

These amounts will be received over the following periods

2024/25			2025/26	
Gross investment in the lease	Minimum lease payments		Gross investment in the lease	Minimum lease payments
£'000	£'000		£'000	£'000
255	1	Not later than 1 year	255	1
1,019	4	Later than 1 year and not later than 5 years	1,019	4
21,139	3,803	Later than 5 years	20,885	3,802
22,413	**3,808**		**22,159**	**3,807**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2025/26, £0.145m contingent rents were receivable by the Council (£0.145m in 2024/25).

Operating leases

The Council leases out property and equipment under operating leases for the provision of community services, such as sports facilities, tourism services and community centres; and for economic development purposes to provide suitable affordable accommodation for local businesses.

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

2024/25		2025/26
£'000		£'000
3,497	Not later than 1 year	3,006
5,567	Later than 1 year and not later than 5 years	6,709
16,767	Later than 5 years	17,232
25,831		**26,947**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2025/26, £0.314m contingent rents were receivable by the Council (£0.441m in 2024/25).

Note 25: Private Finance Initiative and Similar Contracts

The Council has 3 Private Finance Initiative (PFI) contracts for the design, build, finance and operation of the following schools:

Contract	Schools covered		Original asset value	Duration of Contract	Contractor	Shareholders	Holdings	Facilities Management contractor
	Maintained	Academy	£'000					
Lammas School		Lammas*	12,320	25 Years (2001 - 2026)	New Schools (Leyton) Ltd	Innisfree M&G PPP Fund LP	100%	Sodexo
Grouped Schools Project	Heathcote Comprehensive Chase Lane Primary Downsell Primary South Grove Primary	Lime Larkswood Primary Riverley Primary Hillyfield Primary	50,241	32 Years (2004 - 2036)	Academy Services (Waltham Forest) Holdings Ltd	Innisfree PFI Secondary Fund	100%	Kier Group Plc
Frederick Bremer School	Frederick Bremer School		20,061	25 Years (2008 - 2033)	BY Education (Holdings) Ltd	Waltham Forest LEP Ltd Building Schools for the Future LLP Infrared Infrastructure Yield Holdings Ltd LB Waltham Forest	10% 9% 72% 9%	BY Education (Waltham Forest) Ltd

* Lammas school converted to academy status on 1 December 2018.

Under each PFI contract, the Council pays a unitary charge, this charge is benchmarked every five years to update the charge for the services provided against the market and is also subject to annual indexation. The unitary charge is also subject to variations to the scope of works and services, and academy conversions.

Under the contracts, the Council has exclusive rights to the assets of the maintained schools and the academy trusts have exclusive rights to the academy schools. In each contract the contractor is responsible for facilities management including repairs and maintenance and lifecycle replacements of components throughout the relevant contract.

At the end of the contract term, the assets of the maintained schools revert to the Council at no further consideration. In the case of the academy schools the assets transfer to the academy trusts at no further consideration, but are held under long-term lease from the Council. At the end of the leases, the academy assets revert to the Council.

The unitary charge is met from three sources: government revenue grant, contribution from the Dedicated Schools Budget and a contribution from the relevant school's governing body. In the case of the academy schools they also make a contribution toward the unitary charge from their governing bodies.

Note 25: Private Finance Initiative and Similar Contracts (continued)

Value of the assets under PFI contracts

The value of the maintained schools assets under the PFI contract are held on the Council's balance sheet within property, plant and equipment as follows:

Restated 2024/25					2025/26			
Lammas**	Grouped	Frederick Bremer	Total		Lammas	Grouped	Frederick Bremer	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
-	133,228	43,151	176,379	**Opening balance**	-	132,538	46,699	179,237
-	176	(4)	172	In-year capital expenditure	-	163		163
-		-	-	Lifecycle works	-	-		-
-	(1,182)	(393)	(1,575)	Depreciation	-	(1,041)		(1,041)
-	316	3,945	4,261	Revaluation gains/(loss)*	-	2,834	484	3,318
-	132,538	46,699	179,237	**Closing balance**	-	134,494	47,183	181,677

* The 2024/25 Revaluation gains/(loss) has been restated from £44k to £316k for Grouped and from £3,548k to £3,945k for Frederick Bremer because previous figures were incorrect.
** Lamas converted to academy in 2018

Payments

The Council makes payments to the PFI operators which cover the charge for services provided, repayment of the liability in respect of each contract and interest on those liabilities. Payments remaining to be made under the three contracts at the year-end are set out below.

2024/25					2025/26			
Service cost	Repayment of liability	Interest	Total		Service cost	Repayment of liability	Interest	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(11,598)	(2,603)	(2,085)	(16,286)	within 1 year	(10,609)	(2,822)	(1,865)	(15,297)
(39,409)	(10,210)	(6,290)	(55,909)	within 2-5 years	(42,254)	(10,000)	(5,498)	(57,752)
(47,261)	(13,590)	(3,004)	(63,855)	within 6-10 years	(47,698)	(13,026)	(1,982)	(62,706)
(8,292)	(2,265)	(55)	(10,612)	within 11-15 years	(648)	(226)	(2)	(875)
-	-	-	-	within 16-20 years	-	-	-	-
(106,560)	**(28,668)**	**(11,434)**	**(146,662)**	**Closing balance**	**(101,209)**	**(26,074)**	**(9,347)**	**(136,630)**

Note 25: Private Finance Initiative and Similar Contracts (continued)

Movement on the value of the liabilities

Although the payments made to each contractor are described as unitary payments, they have been calculated to compensate each contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to be paid to the contractors for capital expenditure is set out below.

2024/25		2025/26
£'000		£'000
(31,506)	**Balance at 1 April**	**(28,668)**
2,838	Repayment	2,598
(28,668)	**Balance at 31 March**	**(26,070)**

Note 26: Fair value of assets and liabilities

Fair values of financial and non-financial assets and financial liabilities

The following tables combine information about:

(a) classes of financial instruments and non-financial assets based on their nature and characteristics;
(b) the carrying amounts of financial instruments and non-financial assets;
(c) fair values of financial instruments and non-financial assets
(d) fair value hierarchy levels of financial instruments and non-financial assets for which fair value is disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

Level 1 - measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - measurement based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3 - measurement is derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The basis of 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 based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Description of asset or liability	Valuation hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Cash balances, money market funds and other assets and liabilities held at amortised cost	Level 1	Carrying value is deemed to be fair value, because of the short-term nature of the instruments	Not Required	Not required
Non-current debtors	Level 2	Capital value of unpaid loan	Council accounting records	Not required
Finance leases (both lessor and lessee) and PFI liabilities	Level 2	The fair values have been estimated by discounting the remaining cashflows or the borrowing using the PWLB repayment loan certainty rate for maturity loans	Observable inputs are the PWLB rates Unobservable inputs are the remaining cashflows	Not required
Loans outstanding	Level 2	The fair values have been estimated by discounting the remaining cashflows or the borrowing using the PWLB repayment loan certainty rate for maturity loans	Observable inputs are the PWLB rates Unobservable inputs are the remaining cashflows	Not required
Investments at fair value through other comprehensive income	Level 3	Fair value has been based on the net asset value (NAV) of the Council's interest in the companies	NAV based on the latest annual unaudited accounts	Events occurring after the audit opinion date could affect NAV
Investment property	Level 3	Investment method of valuation.	Assumed void periods Estimated Rental Value (ERV) Capitalisation Rate (Equivalent Yield)	All variables listed are observable inputs and susceptible to market change.
Assets held for sale and surplus assets	Level 3	Expected sale price less estimated costs of sale	Evidence of title, floor area, siting and site conditions, type/age and current use of the property have been taken into account together with general market conditions and advertised value of similar properties currently up for sale	Latent defects, repair and maintenance backlogs, general changes in the market and other impairments could have a significant impact on the values provided

Note 26: Fair value of assets and liabilities (continued)

31 March 2026	Carrying Value						Fair Value			
	Financial and non-financial assets				Financial liabilities			Level			
	Fair value through profit and loss	Fair value through other comprehensive income	Assets at amortised cost		Liabilities at amortised cost	Liabilities at FVOCI	Total	1	2	3	Total
	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets											
Assets at amortised cost:											
Investments			-				-	-			-
Finance lease			15,000				15,000		15,000		15,000
Debtors			114,427				114,427	114,427			114,427
Cash and cash equivalents			35,016				35,016	35,016			35,016
Fair value through other comprehensive income		832					832			832	832
Total financial assets	**-**	**832**	**164,444**		**-**	**-**	**165,276**	**149,443**	**15,000**	**832**	**165,276**
Non-financial assets											
Investment property	7,344						7,344			7,344	7,344
Surplus assets	23,656						23,656			23,656	23,656
Assets held for sale	3,489						3,489			3,489	3,489
Total financial and non-financial assets	**34,489**	**832**	**164,444**		**-**	**-**	**199,765**	**149,443**	**15,000**	**35,321**	**199,765**
Financial liabilities											
Liabilities at amortised cost:											
Loans outstanding					(545,518)		(545,518)	(112,190)	(433,328)		(545,518)
PFI contracts					(26,069)		(26,069)		(26,069)		(26,069)
Finance leases					(3,898)		(3,898)		(3,898)		(3,898)
Creditors					(122,639)		(122,639)	(122,639)			(122,639)
Bank overdraft					-		-				-
Fair value through other comprehensive income					-	(3,918)	(3,918)			(3,918)	(3,918)
Total financial liabilities	**-**	**-**	**-**		**(698,123)**	**(3,918)**	**(702,041)**	**(234,829)**	**(463,294)**	**(3,918)**	**(702,041)**

Note 26: Fair value of assets and liabilities (continued)

31 March 2025	Carrying Value						Fair Value			
	Financial and non-financial assets				Financial liabilities			Level			
	Fair value through profit and loss	Fair value through other comprehensive income	Loans and receivables		Liabilities at amortised cost	Liabilities at FVOCI	Total	1	2	3	Total
	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets											
Assets at amortised cost:											
Investments			36,902				36,902	36,902			36,902
Finance lease											
Debtors			117,857				117,857	117,857			117,857
Cash and cash equivalents			60,333				60,333	60,333			60,333
Fair value through other comprehensive income		(423)									
Total financial assets	**-**	**(423)**	**215,092**		**-**	**-**	**215,092**	**215,092**	**3,809**	**(423)**	**218,478**
Non-financial assets											
Investment property	8,212						8,212			8,212	8,212
Surplus assets	23,760						23,760			23,760	23,760
Assets held for sale	4,148						4,148			4,148	4,148
Total financial and non-financial assets	**36,120**	**(423)**	**218,901**		**-**	**-**	**254,598**	**215,092**	**3,809**	**35,697**	**254,598**
Financial liabilities											
Liabilities at amortised cost:											
Loans outstanding					(537,733)		(537,733)	(112,908)	(424,825)		(537,733)
PFI contracts					(28,668)		(28,668)		(28,668)		(28,668)
Finance leases					(3,899)		(3,899)	(3,899)			(3,899)
Creditors					(122,844)		(122,844)	(122,844)			(122,844)
Bank overdraft					-		-				0
Fair value through other comprehensive income					-	(1,645)	(1,645)			(1,645)	(1,645)
Total financial liabilities	**-**	**-**	**-**		**(693,144)**	**(1,645)**	**(694,789)**	**(239,651)**	**(453,493)**	**(1,645)**	**(694,789)**

Note 26: Fair value of assets and liabilities (continued)

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Council has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out opposite the consequent potential impact on the closing value of investments held at 31 March 2026.

Description of asset	Assessed valuation range	Value at 31 March 2026 £'000	Valuation Increase £'000	Valuation Decrease £'000
Financial assets at FVOCI	+10%/-10%	832	915	749
Financial liabilities at FVOCI	+10%/-10%	(3,918)	(4,310)	(3,526)
Investment property, surplus assets and assets held for sale	+16.9%/-12.9%	34,489	40,318	30,040
Total		**31,403**	**36,923**	**27,263**

Description of asset	Assessed valuation range	Value at 31 March 2025 £'000	Valuation Increase £'000	Valuation Decrease £'000
Financial assets at FVOCI	+10%/-10%		-	-
Financial liabilities at FVOCI	+10%/-10%	(1,645)	(1,810)	(1,481)
Investment property, surplus assets and assets held for sale	+16.9%/-12.9%	36,120	42,224	31,461
Total		**34,475**	**40,415**	**29,980**

Note 26: Fair value of assets and liabilities (continued)

Transfers between levels 1 and 2

During the year there were no transfers between levels 1 and 2.

Reconciliation of Fair Value Measurements within Level 3

2025/26	1 April 2025	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/ (losses)	Realised gains/ (losses)	31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets at FVOCI	-	-	-	-	-	-	-	832
Financial liabilities at FVOCI	(1,645)	-	-	-	-	-	-	(3,918)
Investment property	8,212	-	-	-	-	(868)	-	7,344
Surplus assets	23,760	-	-	1,229	-	(1,333)	-	23,656
Assets held for sale	4,148	-	-	-	(659)	-	-	3,489
Total	**34,475**	**-**	**-**	**1,229**	**(659)**	**(2,201)**	**-**	**31,403**

2024/25	1 April 2024	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/ (losses)	Realised gains/ (losses)	31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets at FVOCI (Note 3)	-	-	-	-	-	-	-	-
Financial liabilities at FVOCI (Note 4)	(1,061)	-	-	-	-	(584)	-	(1,645)
Investment property	7,637	-	-	966	-	(391)	-	8,212
Surplus assets	11,220	11,375	-	858	-	307	-	23,760
Assets held for sale	15,151	2,839	(1,411)	-	(12,431)	-	-	4,148
Total	**32,947**	**14,214**	**(1,411)**	**1,824**	**(12,431)**	**(668)**	**-**	**34,475**

Note 3 - financial assets at FVOCI are the Council's interests in Waltham Forest Services Ltd, Waltham Forest Trading Ltd (dormant) and Walthamstow Scene Ltd (dormant).

Note 4 - financial liabilities at FVOCI are the Council's interests in More Homes Waltham Forest LLP (a joint venture with Mears Homes), Sixty Bricks Ltd, NPS London Ltd, Waltham Forest Local Education Partnership Ltd and BY Education (Waltham Forest) Holdings Ltd.

Note 27: Debtors

These balances represent the amount of money owed to the Council at year end. Debtors include individuals, central government departments, other local authorities, NHS and other bodies. An analysis is given below.

2024/25			2025/26	
Short-term	Long-term		Short-term	Long-term
£'000	£'000		£'000	£'000
20,912	-	Central government bodies	14,251	-
6,028	-	Other local authorities	21,619	-
1,578	-	NHS bodies	4,721	-
74,475	14,864	Other entities and individuals	58,723	15,114
102,993	**14,864**	**Total**	**99,314**	**15,114**

Impairments for doubtful debts are included in **Note 22**. Long term debtors relate to finance leases (see **Note 33**), repayment of mortgages to housing associations and prepayments to the Pension Fund.

Note 28: Creditors

These are amounts owed by the Council for work done, goods received, or services rendered which have not been paid by 31 March 2026.

2024/25		2025/26
Short-term		Short-term
£'000		£'000
(2,366)	Central government bodies	(13,467)
(1,582)	Other local authorities	(2,865)
(4,112)	NHS bodies	(2,281)
(114,784)	Other entities and individuals	(103,535)
(12,519)	PFI creditors	(15,340)
-	Public Corporations and Trading Funds	(491)
(135,363)	**Total**	**(137,979)**

Note 29: Provisions

The Council makes provision in compliance with IAS 37 where there is an obligation as a result of a past event, when it is probable that the Council will incur expenditure and where a reasonable estimate can be made of the amount involved. Provisions are split into short term (less than one year) and long term (more than one year). In addition to the provisions shown below, there are provisions for bad debts which have been netted off against the debtors figure on the balance sheet.

Short term provisions	Exit packages	NNDR Appeals	Other	Total
	£'000	£'000	£'000	£'000
Balance at 31 March 2025	-	(1,463)	(2,420)	(3,883)
Amounts used	(2,849)	118	2,032	(699)
Additional provisions	-			-
Balance at March 2026	**(2,849)**	**(1,345)**	**(388)**	**(4,582)**

NNDR Appeals

Following the introduction of the Business rates retention scheme in 2013, the Council has set aside a provision for any potential liabilities in relation to Business Rate Payers appeals against ratable values. The Council is responsible for a 30% share of this liability, the Greater London Council (GLA) are responsible for 27% and Central Government are responsible for 33%.

Other

Term Time Only - The Council continues to hold a provision in respect of potential liabilities arising from historic underpayments of annual leave to term-time-only employees. National case law confirmed that previous methods used to calculate holiday pay for staff working only during school terms did not comply with statutory requirements. Although significant payments have already been made, there remains an ongoing obligation as further eligible claims may arise and final settlement values cannot yet be reliably measured. An unused amount of £1.5m was transferred from TTO to create a new High Needs Block provision.

Long term provisions	Insurance fund	Thames Water	Total
	£'000	£'000	£'000
Balance at 31 March 2025	(5,300)	(399)	(5,699)
Amounts used	859	399	1,258
Additional provisions	(859)	-	(859)
Balance at March 2026	**(5,300)**	**(0)**	**(5,300)**

Insurance provision

The insurance balance at 31 March 2026 has remained at £5.300 million. This represents the estimated value of potential liabilities incurred to 31 March 2026, identified by a report from JLT Specialty Ltd, which analysed the Council's self-insurance funds. The Council takes out insurance on:- employers' liability, vehicles, business interruption, fidelity guarantee, public liability, official's indemnity, personal accident, engineering, the Gallery collection and property. These do not have a significant impact on the balance held in the provision or the reserve. The Council is active in risk management, identifying areas of particular risk and taking management steps with a view to reducing possible future claims and losses. With the exception of damage caused by terrorism, there are no material risks which are not covered by either direct insurance or self insurance via the provision.

Thames Water

The Thames Water provision was originally established for the potential repayment of water rates to tenants following the High Court case of Jones v London Borough of Southwark in 2016. The remaining balance was £399k as at 31st March 2025. The project to refund tenants have now concluded; therefore, the provision is no longer required.

Note 30: Unusable Reserves

This table summarises the total Unusable Reserves as at 31st March 2026, with prior year comparator.

2024/25		2025/26
£'000		£'000
(949,621)	Revaluation reserve	(984,802)
(841,785)	Capital adjustment account	(865,892)
(30,602)	Deferred capital receipts	(30,602)
14,754	Financial instruments adjustment account	14,178
256	Financial Instruments Reserve	3,096
208,190	Pension reserve	123,180
1,129	Collection Fund adjustment account	(34)
1,906	Accumulated absence account	1,906
5,380	DSG Adjustment Account	14,321
(1,590,392)	**Total**	**(1,724,649)**

Note 30a: Revaluation Reserve

The reserve is credited with gains on the revaluation of assets. Revaluation gains which are subsequently reversed through impairment or disposal of the asset are debited from the reserve. The depreciation adjustment ensures that only the depreciation on the historic cost of assets impacts on the capital adjustment account.

The balance on the reserve reflects the difference between the value of the Council's assets at depreciated historical cost and their current value.

2024/25		2025/26
£'000		£'000
(921,358)	**Balance at 1 April**	(949,620)
-	Adjustment to opening balance	
(36,255)	Revaluation of assets	(42,772)
4,573	Accumulated gains on assets sold or scrapped	3,666
3,419	Adjustment to depreciation on revalued assets	3,925
(949,620)	**Balance at 31 March**	**(984,802)**

Note 30b: 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 also contains accumulated gains and losses on investment properties and revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.

2024/25		2025/26
£'000		£'000
(815,254)	**Balance at 1 April**	**(841,785)**
	Reversal of items debited and credited to the Comprehensive Income and Expenditure Statement	
41,274	Depreciation and impairment of non current assets	40,605
12,705	Revaluation gains or losses on property, plant and equipment	18,885
4,149	Revenue expenditure funded from capital under statute	8,248
15,050	Current value of asset disposals	6,856
(3,419)	Adjustment to depreciation on revalued assets	(3,655)
(4,911)	Accumulated gains on assets sold or scrapped	-
	Rights of Use Assets	620
64,848	**Net written out amount of the cost of non-current assets consumed in the year**	**71,559**
	Capital financing applied in year	
(23,102)	Capital receipts	(19,200)
(13,868)	Major repairs reserve	(14,104)
(57,403)	Capital grants and contributions	(36,295)
11,837	Capital grants unapplied	(10,749)
(8,173)	Minimum revenue provision	(9,137)
(1,063)	Direct revenue financing	(2,195)
-	Adjustments to HRA CFR	(4,854)
(91,771)	**Capital financing applied in year**	**(96,534)**
	Other movements	
391	Increase/(decrease) in value of investment properties	868
391	**Other movements in the year**	**868**
(841,785)	**Balance at 31 March**	**(865,891)**

Note 30c: Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions.

2024/25		2025/26
£'000		£'000
15,332	**Balance at 1 April**	**14,754**
(578)	Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	(576)
14,754	**Balance at 31 March**	**14,178**

Note 30d: Financial Instruments Revaluation Reserve

This reserve is (credited)/debited with (gains)/losses arising from the revaluation of financial instruments held at fair value through other comprehensive income (FVOCI).

2024/25		2025/26
£'000		£'000
(328)	**Balance at 1 April**	**256**
1,007	Revaluation gain on assets	(943)
(423)	Impairment of assets	3,783
256	**Balance at 31 March**	**3,096**

Note 30e: Pensions Reserve

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

2024/25		2025/26
£'000		£'000
346,198	**Balance at 1 April**	**208,190**
(139,268)	Actuarial gains/(losses) on pensions assets & liabilities	(73,184)
41,418	Reversal of items relating to retirement benefits debited or credited to the (Surplus)/deficit on provision of services in the Comprehensive Income & Expenditure Statement	30,505
(40,158)	Employer's pensions contributions & direct payments to pensioners payable in the year	(42,331)
208,190	**Balance at 31 March**	**123,180**

Note 30f: Collection Fund Adjustment Account

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

2024/25				2025/26		
Council Tax	NNDR	Total		Council Tax	NNDR	Total
£'000	£'000	£'000		£'000	£'000	£'000
(185)	**(439)**	**(623)**	**Balance at 1 April**	**1,665**	**(537)**	**1,128**
1,850	(98)	1,751	Amount by which council tax & NNDR income credited to the CIES is different from the income calculated for the year in accordance with statutory requirements	(351)	(811)	(1,162)
1,665	**(537)**	**1,129**	**Balance at 31 March**	**1,314**	**(1,348)**	**(34)**

Note 30g: Accumulated Absence Account

2024/25		2025/26
£'000		£'000
6,050	**Balance at 1 April**	**1,906**
(6,050)	Settlement or cancellation of accrual made at the end of preceding year	-
1,906	Amounts accrued at the end of the current year	-
1,906	**Balance at 31 March**	**1,906**

Note 31: Defined Benefit Pension Schemes

Participation in pension schemes

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

The Council participates in three statutory pension schemes, which provide members with defined benefits related to pay and service. The schemes are as follows:

- The **Local Government Pension Scheme (LGPS)** for non-teaching staff;
- The **Teachers' Pension Scheme** for teaching staff;
- Discretionary post-retirement benefits upon early retirement.

Defined contribution schemes

The Teachers Pensions Scheme, although a defined benefit scheme is accounted for under the Code as defined contribution schemes because it is a multi-employer schemes and it is not possible to attribute the liabilities to individual employers within the scheme.

The Teachers' Pension Scheme is a defined benefit scheme administered by the Teachers' Pension Agency (TPA) on behalf of the Department for Education (DfE). The scheme is unfunded and the DfE uses a notional fund as the basis for calculating the employers' contribution rate paid by participating employer organisations. Valuations of the notional fund are undertaken every four years. The Council is one employer out of 12,911 employers in the Teachers' Pension Scheme as at 31/03/2025 (2025/26 figures available in the Annual report published later during the year).

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 for 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 Teachers' scheme. These benefits are fully accrued in the pension liability. The scheme provides a final salary-based pension on service to 2015 and a career average revalued earnings-based pension for services after 2015. However, the legal challenges in respect of "Goodwin and McCloud-Sargent" cases have impacted the scheme. The DfE implemented the "McCloud Remedy" which impacted the scheme in several distinct ways.

- *Remedy Period Choices :* Affected members who were in service between April 1, 2015, and March 31, 2022 (the "remedy period"), are being offered a choice on how to receive their pension benefits for those years. They can choose to have those years counted under their older, legacy scheme or the newer, reformed scheme.
- *Automatic Changes*: For those currently retiring, schemes must calculate both scenarios and present a Remediable Service Statement (RSS) so members can make an informed choice.
- *Administrative Delays*: Because calculating these options involves complex recalculations of benefits, taxes, and compound interest, many public sector schemes have experienced significant administrative strain and delays in contacting eligible members.

In 2025/26, the Council paid £25.538 million (this includes £5.820 million teachers' contributions) to the Teachers' Pension Agency in respect of teachers' pension costs (£21.004 million in 2024/25, which included £5.286 million teachers' contributions); this represents 38.6% of teachers' pensionable pay (33.2% in 2024/25). The Council is also responsible for any additional pensions, and these amounted to £8,646.80 in 2025/26 (£17,913.33 in 2024/25).

During 2024/25 the Council was part of the NHS Pension Scheme, which is administered by the NHS Business Services Agency (NHSBSA). The scheme is unfunded and the NHSBSA uses a notional fund as the basis for calculating the employers' contribution rate paid by participating employer organisations. Valuations of the notional fund are undertaken every four years and the scheme provides a final salary-based pension based on service to 2015 and a career average revalued earning based pension for service since 2015. In 2025/26 there were no Council contributions or staff contributions to the NHS Pension Scheme in respect of ex-PCT staff, therefore no longer participates in this scheme. This is because for the member who was part of this scheme, their contributions ended in 2024/25 during which the Council contributed £4,373 and staff member contributed £3,745.

Note 31: Defined Benefit Pension Schemes (continued)

Defined benefits schemes

The Local Government Pension Scheme (LGPS) and discretionary post-retirement benefits payable to both non-teaching and teaching staff are defined benefits schemes in that post-retirement benefits are defined in the scheme legislation rather than based on contributions to the schemes.

The **Local Government Pension Scheme (LGPS)** is a national scheme but administered locally. For the Council, this is the London Borough of Waltham Forest Pension Fund administered by the Council. The LGPS is a funded scheme which means that the Council and employees pay contributions into a fund calculated at a level intended to balance the pensions liabilities with investment assets over time.

The LGPS provides a final salary-based pension based on service to 2014 and a career average revalued earnings based pension for service since 2014.

The London Borough of Waltham Forest Pension Fund is operated under the regulatory framework for the Public Service Pensions Act 2013 and the LGPS regulations laid thereunder. Governance of the scheme locally is the responsibility of the Pensions Committee of the Council. Investment policy is determined in accordance with the LGPS Regulations as is the administration and governance of the scheme. Investment management of the fund is outsourced under the framework provided by the investment policy and consists principally the London Collective Investment Vehicle which manage 77% of the Fund by value.

The LGPS is subject to a triennial valuation which determines the contribution rates for the next three years. The Fund's actuary is Mercer Limited. At the last valuation in 2025, the Fund was valued at 89% solvency meaning that there was a shortfall of £130m against the Fund's overall liabilities. The Fund's Funding Strategy Statement sets out a deficit recovery plan designed to improve solvency to 100% over 13 years from 2025.

The principal risks to the Council from participation in the LGPS are:

- If future investment returns are lower than expected, the costs of benefit will increase because members are living longer than expected;
- If improvements in life expectancy are greater than expected, the cost of benefits will increase because members are living longer than expected;
- If members make decisions about their options which increase liabilities, the funding level may worsen. An example would be if fewer members commute their future pensions into cash than expected then this will increase liabilities.

A significant risk is that 57% of the Fund's assets are invested in equity funds. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Discretionary post-retirement benefits

Both the LGPS and the Teachers' Pension Scheme permit employers to make discretionary awards of post-retirement benefits upon early retirement. These are unfunded defined benefit arrangements, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due.

Note 31: Defined Benefit Pension Schemes (continued)

Transactions relating to post-employment benefits

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

2024/25				2025/26			
LGPS	Unfunded discretionary benefits	Total		LGPS	Unfunded discretionary benefits	Total	
£'000	£'000	£'000		£'000	£'000	£'000	Notes
			Comprehensive Income and Expenditure Statement				
			Cost of services:				
22,919	-	22,919	Current service cost	16,441	-	16,441	(i)
-	-	-	Past service cost	-	-	-	
1,073	-	1,073	Losses/(gains) on curtailments and settlements	1,572	-	1,572	
			Other operating expenditure:				
1,447	-	1,447	Pension Administration expenses	1,645	-	1,645	
			Financing and investment income and expenditure:				
15,014	965	15,979	Interest cost	9,848	999	10,847	(ii)
40,453	**965**	**41,418**	**Total Post employment benefit charged to the (surplus)/deficit on provision of services**	**29,506**	**999**	**30,505**	
			Other Post employment benefit charged to the Comprehensive Income and Expenditure Statement				(iv)
			Remeasurement of the net defined benefit liability comprising:				
29,515	-	29,515	- Return on plan assets, excluding the amount included in the net interest expense	1,674	-	1,674	(iii)
(1,662)	(32)	(1,694)	- Experience (gain)/loss	(50,538)	(3,450)	(53,988)	
(161,196)	(1,584)	(162,780)	- Actuarial gains/(losses) arising from changes in financial assumptions	(436)	-	(436)	
(4,239)	(70)	(4,309)	- Actuarial gains(losses) arising from changes in demographic assumptions	(20,174)	(260)	(20,434)	
(97,129)	**(721)**	**(97,850)**	**Total Post employment benefit charged to the Comprehensive Income and Expenditure Statement**	**(39,968)**	**(2,711)**	**(42,679)**	
			Movement in Reserves Statement				
(40,453)	(965)	(41,418)	Reversal of net charges made to the (surplus)/deficit on provision of services for post employment benefits in accordance with the Code (including Administration expenses)	(29,506)	(999)	(30,505)	
			Actual amount charged against the General Fund balance for pensions in the year:				
38,362	**1,796**	**40,158**	**Employers' contributions payable to scheme**	**40,614**	**1,717**	**42,331**	(v)

(i). The current service cost is an estimate of the true economic cost of employing people in a financial year. It measures the full liability estimated to have been generated in the year.

(ii). Interest cost is the amount needed to unwind the discount applied in calculating the defined benefit obligations (liability). As members of the plan are one year closer to receiving their pension, the provisions made at present value in previous years for their retirement costs need to be uplifted by a year's discount to keep pace with current values.

(iii). The expected return on assets is a measure of the return on the investment assets held by the plan for the year. It is not intended to reflect the actual realised return by the plan but a longer term measure based on the value of assets at the start of the year taking into account movements in assets during the year and an expected return factor.

(iv). Actuarial gains and losses arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have been changed.

(v). Employer normal contributions % of pay plus Employer normal contributions lump sum.

Note 31: Defined Benefit Pension Schemes (continued)

ASSETS AND LIABILITIES IN RELATION TO POST-EMPLOYMENT BENEFITS

2024/25				2025/26		
LGPS	Unfunded discretionary benefits	Total		LGPS	Unfunded discretionary benefits	Total
£'000	£'000	£'000		£'000	£'000	£'000
(1,250,072)	**(20,599)**	**(1,270,671)**	**Opening balance at 1 April**	**(1,124,488)**	**(18,082)**	**(1,142,570)**
(22,919)	-	(22,919)	Current service cost	(16,441)	-	(16,441)
(60,207)	(965)	(61,172)	Interest on pension liabilities	(63,885)	(999)	(64,884)
(9,852)	-	(9,852)	Member contributions	(10,312)	-	(10,312)
-	-	-	Past service cost (gain)	-	-	-
			Remeasurement gain/(loss):			-
4,239	70	4,309	- Actuarial gains/(losses) arising from changes in demographic assumptions	20,174	260	20,434
161,196	1,584	162,780	- Actuarial gains/(losses) arising from changes in financial assumptions	436	-	436
1,662	32	1,694	- Experience gain/(loss)	50,538	3,450	53,988
52,538	1,796	54,334	Estimated benefits paid	56,337	1,717	58,054
(1,073)	-	(1,073)	Curtailments	(1,572)	-	(1,572)
-	-	-	Settlements	-	-	-
(1,124,488)	**(18,082)**	**(1,142,570)**	**Closing balance at 31 March**	**(1,089,213)**	**(13,654)**	**(1,102,867)**
			Reconciliation of fair value of the scheme assets			
924,473	**-**	**924,473**	**Opening balance at 1 April**	**934,380**	**-**	**934,380**
45,193	-	45,193	Interest on plan assets	54,037	-	54,037
			Remeasurement gain/(loss):			-
(29,515)	-	(29,515)	- the return on plan assets, excluding the amount included in the net interest expense	(1,674)	-	(1,674)
(1,447)	-	(1,447)	Administration expenses	(1,645)	-	(1,645)
38,362	1,796	40,158	Employer contributions	40,614	1,717	42,331
-		-	(Loss) on settlement	-	-	-
9,852		9,852	Contributions by scheme participants	10,312	-	10,312
(52,538)	(1,796)	(54,334)	Benefits paid	(56,337)	(1,717)	(58,054)
934,380	**-**	**934,380**	**Closing balance at 31 March**	**979,687**	**-**	**979,687**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in 2025/26 was a gain of £70.000 million (gain of £15.679 million in 2024/25).

Note 31: Defined Benefit Pension Schemes (continued)

Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligations in respect of its defined benefit plans is as follows:

2024/25				2025/26		
LGPS	Unfunded discretionary benefits	Total		LGPS	Unfunded discretionary benefits	Total
£'000	£'000	£'000		£'000	£'000	£'000
(1,124,488)	(18,082)	(1,142,570)	Present value of defined benefit obligation	(1,089,213)	(13,654)	(1,102,867)
934,380	-	934,380	Fair value of employer assets	979,687	-	979,687
(190,108)	**(18,082)**	**(208,190)**	**(Deficit)/gain in the scheme**	**(109,526)**	**(13,654)**	**(123,180)**

Statutory arrangements are in place whereby any deficit on the scheme is made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. Hence, the deficit does not adversely impact on the financial position of the Council which remains healthy.

Assets in the scheme

Assets in the LGPS comprised:

2024/25			2025/26	
£'000	%		£'000	%
527,885	56%	Equities	565,420	57%
154,614	17%	Bonds	171,525	18%
66,790	7%	Property	42,046	4%
44,641	5%	Cash/liquidity	54,920	6%
140,450	15%	Other	145,776	15%
934,380	**100%**		**979,687**	**100%**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The scheme has been assessed by Mercer Human Resource Consulting Ltd, an independent firm of actuaries with the estimates being based on the latest full valuation of the scheme as at 31 March 2026.

Note 31: Defined Benefit Pension Schemes (continued)

The principal assumptions used by the actuary have been:

2024/25		2025/26
LBWF		LBWF
%		%
2.6	Rate of inflation (CPI)	2.9
4.1	Rate of increase in salaries	4.4
2.7	Rate of increase in pensions	3.0
5.8	Rate for discount scheme liabilities	6.1

Life expectancy has been based on actuarial tables projected to calendar year 2046 for future pensioners.

Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Mortality assumptions	Males	Females
Longevity at 65 for current pensioners	22.1	25.1
Longevity at 65 for future pensioners (in 20 years' time)	21.4	23.8

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Increase in Assumption £'000	Decrease in Assumption £'000
Longevity (increase or decrease in 1 year)	(23,070)	23,070
Rate of inflation (increase or decrease by 0.25%)	(32,209)	32,209
Rate of increase in salaries (increase or decrease by 0.25%)	(2,593)	2,593
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	61,703	(61,703)
Estimated investment return (increase or decrease by 1%)	9,770	(9,770)

Risk management strategy

The Pension Committee uses Risk Attribution Analysis to prioritise the main investment risks facing the Fund. The principal risks are a fall in equity markets and a rise in inflation. To mitigate these risks, the Investment Strategy of the Fund aims to diversify away from equities into alternatives and bonds, and to invest in assets which generate returns exceeding inflation or providing inflation lined income.

Note 31: Defined Benefit Pension Schemes (continued)

Impact on the Council's Cash flows

The Pension Committee has agreed a strategy with the scheme actuary to achieve a funding level of 100% over the next 13 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed for 31 March 2028 with result due later in the year.

When the current version of the LGPS was introduced in 2014 under the LGPS Regulations 2013, transitional provisions were enacted for older members of the LGPS to mitigate the impact of the move away from a final salary based pension to a career average revalued earnings (CARE) scheme. These changes were part of the overall reform of public service pension schemes under the Public Service Pensions Act 2013.

Two employment tribunals (the McCloud and Sargeant judgements) and the Appeal Court have found that the transitional provisions contravened age discrimination legislation, and therefore, the changes introduced by the 2013 Act would need to be remedied. Whilst the two judgements affect the judges and firefighters pension schemes, the Government has accepted that remedies relating to the McCloud judgement are needed in relation to all public service pension schemes and a consultation was published in July 2020 with a proposed remedy for LGPS. The key feature of the proposed remedy is to extend the final salary scheme underpin to a wider group of members for service up to 31 March 2022. This applies to all members who were active on or before 31 March 2012 and either remain active or left service after 1 April 2014. The IAS19 valuation includes an allowance for the impact of the judgements in current service cost and the 2025 triennial valuation includes provision for McCloud costs within the secondary contribution rate for each employer.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. On 2 September 2025, Government published draft amendments to the Pensions Scheme Bill which would give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The draft legislation will need to be agreed by both Houses of Parliament before it passes into law. It was not previously clear whether the Virgin Media ruling would apply to the LGPS but, following the publication of draft legislation, we do not now expect the ruling to give rise to any additional liabilities.

The Council expects to pay £33.902m to the scheme in 2026/27

Note 32: Cash Flow Statement - Operating Activities

2024/25		2025/26
£'000		£'000
(2,971)	**Net surplus or (deficit) on the provision of services**	**21,333**
	Adjustments for non-cash movements:	
54,387	Depreciation, impairments and downward revaluation*	77,201
75,207	Net increase/decrease in creditors, debtors and inventories*	(9,133)
1,260	Pensions liability	(11,826)
20,413	Carrying amount of non-current assets sold	10,537
(7,446)	Other non-cash items	(130)
143,821		**66,649**
-	*Adjustments for items that are investing or financing activities:*	
(39,812)	Capital grants	(50,673)
(54,119)	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-
(39,165)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(26,759)
1,243	Any other items for which the cash effects are investing or financing cash flows	-
(131,853)		**(77,432)**
8,997	**Net cash flows from operating activities**	**10,550**

Note 32: Cash Flow Statement - Operating Activities (continued)

The cash flows for operating activities include the following items:

2024/25		2025/26
£'000		£'000
4,208	Interest received	2,423
(21,239)	Interest paid	(21,096)

Note 33: Cash Flow Statement - Investing Activities

2024/25		2025/26
£'000		£'000
(126,981)	Purchase of property, plant and equipment, investment property and intangible assets	(136,161)
(55,000)	Purchase of short-term and long-term investments	(25,000)
(1,243)	Other payments for investing activities	-
39,165	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	26,759
54,119	Proceeds from short-term and long-term investments	45,502
39,812	Other receipts from investing activities (capital grants)	50,673
(50,128)	**Net cash flows from investing activities**	**(38,227)**

Note 34: Cash Flow Statement - Financing Activities

2024/25		2025/26
£'000		£'000
351,900	Cash receipts of short-term and long-term borrowings	280,300
(5,681)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(5,425)
-	Other receipts from financing activities	-
(275,176)	Repayments of short-term and long-term borrowing	(272,515)
71,043	**Net cash flows from financing activities**	**2,360**

Note 35: Related Party Transactions

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

Central government

Central government has significant control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of 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).

Grant funding received by the Council is set out in **Notes 7**, **12** and **13**.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in **Note 10**.

The following Members held positions of control or significant influence in related parties to the Council during 2025/26:

Councillor Richard Sweden is a trustee at Leyton Orient Trust and Waltham Forest Faith Communities Forum. The Council commissions services from the Trust including the management of the Score Building, this amounted to total payment of £98k in 2025/26. The Forum uses meeting accommodation in the Town Hall.

Councillor Marion Fitzgerald is a co-opted board member of Friday Hill Tenant Management Organisation. The Council paid Friday Hill TMO management fee of £1.516m in 2025/26.

Councillor Paul Douglas and Councillor Clyde Loakes are board members of the North London Waste Authority. The Council made levy payment of £11.562m to NWLA in 25/26.

Councillor Uzma Rasool is a trustee of Leyton Orient Trust, the Council commissions services from the Trust including the management of the Score Building, this amounted to total payment of £98k in 2025/26.

Councillor Sally Little John is a trustee and treasurer of CannHallCan charity.

Councillor Terry Wheeler is a board member of Lee Valley Regional Park Authority and Trustee of Boxing for Life. In 2025/26 the council paid Lee Valley Regional Park Authority levy of £0.216m and funding for new ice rink of £0.200m.

Chief Officers

During 2025/26 chief officers declared an interest in the following:

	Chief Officers
Sixty Bricks Ltd*	2
Waltham Forest Services Ltd	2
Waltham Forest Trading Ltd	2

*Sixty Bricks is a dormant company as of 2024

Note 35: Related Party Transactions (continued)

Entities controlled or significantly influenced by the Council

Name and company number	Nature of the Council's interest	Net worth of the company at 31 March 2026	Principal activities	Transactions with the Council 2025/26
Sixty Bricks Ltd (10593957)	Currently dormant			
More Homes Waltham Forest LLP (OC421986)	50/50 Joint Venture with Mears Housing Management (Holdings) Limited.	The Council's share of projected deficit is £3.398m at 31 March 2026. These figures are currently unaudited.	The LLP has been set up to help provide housing for people currently in temporary accommodation.	Nil
Waltham Forest Services Ltd (10912148)	100% shareholding (100 £1 shares)	£757k retained earnings at 31 March 2026	Provides a variety of services on a commercial basis including house clearance, gardening, handyperson and pest control.	The company owes the Council £3.36m at 31 March 2026. Amounts paid WFS Ltd were £7.27m.
Waltham Forest Trading Ltd (10912348)	Currently dormant			
Walthamstow Scene Ltd (9112012)	Currently dormant			
Evolve Norse Limited (06078945)	20% shareholding (two £1 shares)	As at 31 March 2026 Evolve Norse has retained earnings of £2.452m, the entirety of this represent Norse's share of the profit or surplus. The Council's share at 20% is £0.490m.	Property consultancy (the Council is the company's principal customer)	Payments from the Council to Evolve Norse as per the joint venture agreement were £2.67m for 25/26.
Waltham Forest Local Education Partnership (LEP) Limited (06009180)	10% shareholder, owning 5,500 £1 shares	The Council's share of projected deficit is £15k at 31 December 2025.	Provides facilities management services to a number of schools and colleges in the Borough.	Nil
BY Education (Waltham Forest) Limited (06009302)	This company is wholly consolidated into BY Education (Waltham Forest) Holdings Ltd			
BY Education (Waltham Forest) Holdings Limited (06009403)	10% shareholder, owning 5,000 £1 shares	The Council's share of the Equity Shareholders' funds is £74.5k at 31 December 2025	Design, refurbishment and construction of educational facilities in the Borough under the Government's Private Finance Initiative (PFI).	Nil.

From March 2017, Westminster City Council took on the delegated executive function for making decisions on formal representations and appeals for Waltham Forest Parking Penalty Charge notices.

Note 35: Related Party Transactions (continued)

Other public bodies

The Procurement Team have been providing services to the London Borough of Redbridge since September 2016. On the 1 November 2017, a formalised shared service agreement with L.B. Redbridge went live. Income for this service in 2025/26 was £0.852m

The Council acts as the lead borough for the East London Coroners Service. The other partners are the London Boroughs of Redbridge, Barking and Dagenham, Newham and Havering. Total income for this service was £2.207m. Outstanding Debtors at 31/03/26 were £0.613m

The Dog Enforcement Team is contracted to provide services to the Metropolitan Police, Epping Forest District Council and the London Boroughs of Enfield, Hackney and Havering. Amounts paid to the council in 2025/26 were £0.162m

From March 2017, Westminster City Council took on the delegated executive function for making decisions on formal representations and appeals for Waltham Forest Parking Penalty Charge notices. Amounts paid to Westminster City Council were £0.237m.

Note 36: Contingent Liabilities

Contingent liabilities are possible obligations arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events, not wholly within the control of the Council, or a present obligation arising from past events where it is not probable that there will be an associated cost or the amount of the obligation cannot be accurately measured.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in notes to the account.

The Council has identified a potential exposure in relation to historic care arrangements. As at 31st March 2026, no agreement has been reached and there is no clear statutory basis requiring reimbursement. Any potential obligation remains subject to further legal consideration and case-specific assessment. This matter has therefore been disclosed as a contingent liability, as its outcome will depend on the resolution of the underlying issues and, if necessary, further legal process.

The Council is engaged in discussions with a third party in relation to a potential claim where no legal proceedings have been issued, the outcome and any financial effect cannot be reliably estimated at this stage. At present, no further information has been disclosed in this note, as such disclosure may prejudice the position of the authority.

More Homes Waltham Forest LLP

The Council has entered into a joint venture (JV) agreement, More Homes Waltham Forest LLP. Under the terms of a deed of covenant and guarantee, the Council has agreed to underwrite any shortfall in rental income and interest. Whilst the guarantee does not limit these payments to specific circumstances, or circumstances expected to be wholly under the control of the Council, the provision may appear to be genuine. The LLP has also entered into a loan agreement with BAE Pension Fund for c£100m which is guaranteed by the Council if the LLP were to default on any payments or fail to comply with any condition of the contract. Due to the long-term nature of the arrangement and the nature of the financial liability, there is no directly observable evidence of the fair value. It is not possible, at this stage, to calculate the likely exposure to the Council as it is dependent on a number of factors and a realistic estimate cannot be quantified. A detailed analysis of the risks borne by the Council has been undertaken and it has been determined that the likelihood of any material settlement of the obligation is unlikely.

Note 37: Contingent Assets

The Council is party to a joint venture (JV) arrangement, More Homes Waltham Forest LLP, in partnership with Mears Group PLC. The JV will raise its own funds to acquire homes to meet demand for temporary accommodation. The properties will be refurbished to the Decent Homes standard and the stock managed through the Mears registered housing association arm for 40 years after which time the properties will revert to the Council after the repayment of outstanding debt. Due to the long-term nature of this arrangement, it is not possible to accurately predict the financial position at its conclusion as the extent and nature of that stock will be determined by the JV in running its business and paying off its debts.

Note 38: Events After the Reporting Period

The Statement of Accounts was authorised for issue by the Corporate Director of Financial Services on XX XXX 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 39: Comprehensive Income and Expenditure restatement for 2024/25

Due to change in reporting segment in 2025/26 and other misclassifications, prior year comparators have been re-presented in the Expenditure and Funding Analysis (Note 8) and the CIES. The changes to the CIES are summarised in the table below and reflected in the As restated 2024/25.

	2024/25 As Originally Stated £'000			Movement £'000			2024/25 As Restated £'000			
	Gross Expenditure	Gross Income	Net Expenditure	Expenditure	Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure As Restated £'000	Note
Chief Executive	11,862	(590)	11,272	19,551	(2,829)	16,722	31,413	(3,419)	27,994	1
Deputy Chief Executive										
Adult Social Care	149,071	(66,382)	82,689	-	-	-	149,071	(66,382)	82,689	
Children's and Education	334,017	(261,349)	72,668	25,208	(25,208)	-	359,225	(286,557)	72,668	2
People										
Stronger Communities	73,459	(42,271)	31,188	(20,918)	2,736	(18,182)	52,541	(39,535)	13,006	1
Neighbourhoods and Environment	88,621	(50,005)	38,616	-	-	-	88,621	(50,005)	38,616	
Place	92,666	(62,141)	30,525	1,203	(1,259)	(56)	93,869	(63,400)	30,469	1
Resources	126,250	(107,822)	18,428	164	1,352	1,516	126,414	(106,470)	19,944	1
Corporate Expenditure	24,115	(25,246)	(1,131)	(24,026)	24,026	-	89	(1,220)	(1,131)	3
Housing Revenue Account	77,575	(81,883)	(4,308)	-	-	-	77,575	(81,883)	(4,308)	
Cost of Services	**977,636**	**(697,689)**	**279,947**	**1,182**	**(1,182)**	**(0)**	**978,818**	**(698,871)**	**279,947**	

These changes were the result of amendments to management reporting lines across council services. These changes came into effect in April 2025. The core changes are summarised in the below points:

1 Stronger Communities as a reporting segment was downsized with significant proportion of the budget realigned mostly within Chief Executive Service, and smaller budget alignment across several directorates including Place, Neighbourhoods and Environment, and Resources to better reflect current reporting segments.

2 Part of the DSG grant £25.208m, was incorrectly recognised as expenditure, this has now been restated to show under income.

3 The Better Care Fund of £24.026m was incorrectly recognised within the I&E in the prior year under Corporate Expenditure as gross expenditure and gross income, because LBWF acted as an agent this has been removed from both income and expenditure in the comparative figures.

Note 39: Expenditure and Funding Analysis restatement for 2024/25 (continued)

Effect of restatement on Note 8 Expenditure and Funding Analysis

	2024/25 As Originally Stated £'000			Movement £'000			2024/25 As Restated £'000		
	Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund and HRA	Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund and HRA	Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund and HRA
Chief Executive	11,272	(101)	11,171	16,722	(402)	16,320	27,994	(503)	27,491
Adult Social Care	82,689	111	82,800	-	-	-	82,689	111	82,800
Children's and Education	72,668	(9,168)	63,500	-	-	-	72,668	(9,168)	63,500
Stronger Communities	31,188	(1,721)	29,467	(18,182)	402	(17,780)	13,006	(1,319)	11,687
Neighbourhoods and Environment	38,616	(14,744)	23,872	-	-	-	38,616	(14,744)	23,872
Place	30,525	(16,411)	14,114	(56)	-	(56)	30,469	(16,411)	14,058
Resources	18,428	(18)	18,410	1,516	-	1,516	19,944	(18)	19,926
Corporate Expenditure	(1,131)	13,982	12,851	-	-	-	(1,131)	13,982	12,851
Housing Revenue Account	(4,308)	(24,743)	(29,051)	-	-	-	(4,308)	(24,743)	(29,051)
Cost of Services	**279,947**	**(52,813)**	**227,134**	**-**	**-**	**-**	**279,947**	**(52,813)**	**227,134**

These changes were the result of amendments to management reporting lines across council services. These changes came into effect in April 2025, Stronger Communities as a reporting segment was downsized with significant proportion of the budget realigned mostly within Chief Executive Service, and smaller budget alignment across several directorates including Place, Neighbourhoods and Environment, and Resources to better reflect current reporting segments.

Effect of restatement on Note 8a Expenditure and Funding Analysis

	2024/25 As Originally Stated £'000			Movement £'000			2024/25 As Restated £'000		
	Adjustments for capital purposes	Other adjustments	Total adjustments	Adjustments for capital purposes	Other adjustments	Total adjustments	Adjustments for capital purposes	Other adjustments	Total adjustments
Chief Executive		(101)	(101)	(587)	185	(402)	(587)	84	(503)
Adult Social Care	(32)	143	111	-	-	-	(32)	143	111
Children's and Education	(7,851)	(1,317)	(9,168)	-	-	-	(7,851)	(1,317)	(9,168)
Stronger Communities	(1,906)	185	(1,721)	587	(185)	402	(1,319)		(1,319)
Neighbourhoods and Environment	(14,924)	180	(14,744)	-	-	-	(14,924)	180	(14,744)
Place	(16,699)	288	(16,411)	-	-	-	(16,699)	288	(16,411)
Resources	(226)	208	(18)	-	-	-	(226)	208	(18)
Corporate Expenditure	(913)	17	13,982	-	-	(14,878)	(913)	17	(896)
Housing Revenue Account	(26,137)	106	(24,743)	-	-	(1,288)	(26,137)	106	(26,031)
Cost of Services	**(68,688)**	**(291)**	**(52,813)**	**-**	**-**	**(16,166)**	**(68,688)**	**(291)**	**(68,979)**

These changes were the result of amendments to management reporting lines across council services. These changes came into effect in April 2025, Stronger Communities as a reporting segment was downsized with significant proportion of the budget realigned mostly within Chief Executive Service, and smaller budget alignment across several directorates including Place, Neighbourhoods and Environment, and Resources to better reflect current reporting segments.

Note 39: Expenditure and Funding Analysis restatement for 2024/25 (continued)

Effect of restatement on Note 8c Expenditure and Income analysed by nature

	2024/25 As Originally stated £'000	Movement £'000				2024/25 As Restated £'000
		DSG grant	Grant contribution	Better Care fund	Total movement	
Expenditure						
Employee Benefit Expenses	320,668	-	-	-	-	**320,668**
Other Service Expenses	610,386	25,208	-	(24,026)	1,182	**611,568**
Depreciation, Amortisation, Impairment	64,609	-	-	-	-	**64,609**
Interest Payments	21,238	-	-	-	-	**21,238**
Precepts and Levies	12,473	-	-	-	-	**12,473**
Payments to the Housing Capital Receipts Pool	-	-	-	-	-	**-**
Losses on Disposals	2,330	-	-	-	-	**2,330**
Total expenditure	**1,031,704**	**25,208**	**-**	**(24,026)**	**1,182**	**1,032,886**
Income						
Fees, charges and other service income	(302,566)	-	19,353	24,026	43,379	**(259,187)**
Interest and investment income	(4,208)	-	-	-	-	**(4,208)**
Income from council tax, non-domestic rates	(234,852)	-	-	-	-	**(234,852)**
Government grants and contributions	(466,769)	(25,208)	(19,353)	-	(44,561)	**(511,330)**
Gains on Disposals	(20,338)	-	-	-	-	**(20,338)**
Total income	**(1,028,733)**	**(25,208)**	**-**	**24,026**	**(1,182)**	**(1,029,915)**
(Surplus) or Deficit on the Provision of Services	**2,971**	**-**	**-**	**-**	**-**	**2,971**

These changes were the result of misclassification in the areas listed below:

- Part of the DSG grant £25.208m, was incorrectly recognised as expenditure, this has now been restated to show under income.
- Grant contributions relating to health was incorrectly recognised as fees, charges and other service income in 2024/25, this has now been restated to government grants and contributions.
- The Better Care Fund of £24.026m was incorrectly recognised within the I&E in the prior year under Corporate Expenditure as gross expenditure and gross income, because LBWF acted as an agent this has been removed from both income and expenditure in the
- comparative figures.

SECTION – 4

SUPPLEMENTARY FINANCIAL STATEMENTS

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Housing Revenue Account (HRA) - 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 government grants. Authorities 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 HRA Statement.

2024/25 £'000	Expenditure	2025/26 £'000	Note
16,989	Repairs and maintenance	17,037	
32,602	Supervision and management	26,603	
754	Rents, rates, taxes and other charges	2,042	
26,132	Depreciation and impairment of non current assets	30,039	5
282	Debt management costs	200	
	Transfer to/from Provision	-	
652	Increase/(decrease) in the provision for bad debts	791	
77,411	**Total expenditure**	**76,712**	
	Income		
(68,835)	Dwelling rents	(72,806)	
(702)	Non-dwelling rents	(694)	
(11,782)	Charges for service and facilities	(12,395)	
(563)	Contributions towards expenditure	-	
(81,882)	**Total income**	**(85,895)**	
(4,471)	**Net cost or (income) of HRA services as included in the whole authority Comprehensive Income and Expenditure Statement***	**(9,182)**	
163	HRA services share of Corporate and Democratic Core	234	
(4,308)	**Net cost of HRA Services**	**(8,949)**	
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(20,323)	(Gain) or loss on sale of HRA non current assets	(16,514)	
16,154	Interest payable and similar charges	16,172	
(2,405)	HRA interest and investment income	(1,927)	
1,273	Pension Liability, interest cost & expected return on pension asset	900	
(5,899)	Capital grants and contributions receivable	(5,916)	
(15,508)	**(Surplus) or deficit for the year on HRA Services**	**(16,234)**	

Statement on The Movement on The Housing Revenue Account

The overall objectives for the Movement on the HRA Statement and the general principles for its construction are the same as those generally for the Movement in Reserves Statement, into which it is consolidated. The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2024/25		2025/26	
£'000		£'000	*Note*
(5,517)	**Balance on the HRA as at 1 April**	**(6,905)**	
(15,508)	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement*	(16,234)	
	Adjustments between accounting basis and funding basis:		
	Amount by which finance costs chargeable in accordance with the Code are different from finance costs chargeable in year under statutory requirements		
21,066	(Gain)/loss on HRA disposals	16,645	
-	Costs of Disposal Funded from Capital Receipts	(131)	
(100)	Net charges for pensions	981	
5,659	Use of capital grants to finance capital expenditure	1,088	
(26,479)	Transfer (to) the Capital Adjustment Account (CAA)	(25,186)	
	Capital Expenditure Charged to Revenue	2,000	
106	Accumulated absences adjustment	-	
13,868	Transfer to the Major Repairs Reserve	14,104	
(1,388)	**Net (increase) or decrease before transfers to or from reserves**	**(6,732)**	
-	Transfers to or (from) earmarked reserves	-	
(1,388)	**(Increase) or decrease in year on the HRA**	**(6,732)**	
(6,905)	**HRA Balance at 31 March**	**(13,637)**	

Housing Revenue Account Notes

Note 1: Housing Stock

As at 31 March 2026 the Council was responsible for managing a housing stock of 10,457 dwelling units, and the stock was made up as follows:

2024/25	Type of accommodation	2025/26
4,403	Low rise flats	4,737
1,611	High rise flats	1,450
3,686	Houses and bungalows	3,676
461	Sheltered accommodation	463
296	Multi occupied	131
10,457	**Total**	**10,457**

Note 1: Housing Stock (continued)

The total Balance Sheet value of the Council's HRA assets at 1st April 2025 was £1,050m and at 31st March 2026 was £1,039m, analysed as follows:

2024/25		2025/26
£'000		£'000
	Operational assets	
985,285	Council dwellings	1,004,880
47,493	Assets under construction	15,523
-	Land	
18,134	Other property	18,825
1,050,912		**1,039,228**
	Non-operational assets	
-	Assets held for sale	-
1,050,912	**Total asset value**	**1,039,228**

Note 2: Vacant Possession Value

Dwellings are initially valued at open market value assuming vacant possession. The vacant possession value of the HRA tenanted dwellings was £3,826m (£3,660m at March 2024). The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA reflects that tenancies are held on a secure basis without vacant possession.

The Balance Sheet value is determined by applying the Government prescribed discount factor (the vacant possession discount factor) to the vacant possession value of the stock. The vacant possession discount factor was:.

Council dwellings in Walthamstow	25%
Council dwellings in Epping and Basildon BC	38%

Note 3: Capital Expenditure and Financing

During 2025/26, the Council incurred £58.254m capital expenditure on land, houses and other properties within the HRA (2024/25: £85.491m). The detail of expenditure and the methods of financing are detailed below:

2025/26	Total expenditure	Sources of funding						
		Grants/ contributions	Capital receipts	Revenue contributions	Major Repairs Reserve	Capital Reserve	Borrowing	Total financing
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Council dwellings	47,513	6,008	18,619	2,000	6,014		14,872	**47,513**
Assets under construction	10,741				8,090		2,651	**10,741**
Other Property								**-**
Balance as at 31 March	**58,254**	**6,008**	**18,619**	**2,000**	**14,104**	**-**	**17,523**	**58,254**

2024/25	Total expenditure	Sources of funding						
		Grants/ contributions	Capital receipts	Revenue contributions	Major Repairs Reserve	Capital Reserve	Borrowing	Total financing
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Council dwellings	72,173	5,273	13,408	-	13,868	-	39,624	**72,173**
Assets under construction	12,381	626	8,598	-	-	-	3,157	**12,381**
Other Property	937	-	937	-	-	-		**937**
Balance as at 31 March	**85,491**	**5,899**	**22,943**	**-**	**13,868**	**-**	**42,781**	**85,491**

Note 4: Capital receipts

Capital receipts from disposals of land, houses and other property within the HRA were as follows:

2024/25		2025/26
17,577	Council dwellings	26,232
7,250	Other property	449
24,827		**26,681**

Note 5: Depreciation and impairment

2024/25		2025/26
£'000		£'000
	Depreciation	
11,816	Council dwellings	12,548
604	Other property	597
12,420		**13,145**
	Impairment	
39,518	Council dwellings	-
53	Other property	-
39,571		**-**
51,991	**Total depreciation and impairment**	**13,145**

Note 6: Rent Arrears

2025/26		2025/26
	Rent arrears comprise:	
6,808	Dwellings rents	7,573
388	Other charges/adjustments	179
7,196		**7,752**
(5,750)	Less: Bad debts provisions	(6,457)
1,446		**1,295**

Collection Fund Statement

The Collection Fund shows the transactions of the Council in its capacity as the billing authority in relation to the collection from taxpayers and the distribution to local authorities and the Government of council tax and non-domestic rates. There is no requirement for a separate Collection Fund balance sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the major preceptors, the billing authority and the Government.

The Council's share of council tax and non-domestic rates income is included in the Comprehensive Income and Expenditure Statement (CIES) on an accruals basis in line with the Code. However, the amount to be recognised in the General Fund is determined by regulation. Therefore, there is an adjustment for the difference between the accrued income and the statutory credit made through the Movement in Reserves Statement and to the Collection Fund Adjustment Account.

The Council is able to retain 30% of Non-Domestic Rates (NNDR) collectable; 33% is payable to Central Government and 37% to the Greater London Authority (GLA). All subsequent surpluses and deficits are shared between the Council and these preceptors in the same proportions.

2024/25				2025/26			
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total	
£'000	£'000	£'000		£'000	£'000	£'000	Notes
			Income	-	-	-	
	178,124	178,124	Council Tax receivable	-	190,504	190,504	
	618	618	Transfer for Transitional Relief, S13A(1)(C) Reliefs	-	724	724	
61,053		61,053	Business Rates receivable	68,477	-	68,477	
1,532		1,532	Transitional Protection Payments	127	-	127	
1,249		1,249	Business Rate Supplement	1,330	-	1,330	
63,834	**178,742**	**242,576**	**Total income**	**69,933**	**191,228**	**261,161**	
			Expenditure				
			Apportionment of prior year surplus/deficit	-			
292	861	1,153	- Council	(617)	(735)	(1,352)	
361	231	592	- GLA	(762)	(204)	(965)	
322		322	- Central Government	(679)	-	(679)	
			Precepts	-	-	-	
18,420	138,436	156,856	- Council	20,101	147,956	168,057	
22,718	38,335	61,054	- GLA	24,792	40,595	65,387	
20,262		20,262	- Central Government	22,112	-	22,112	
			Business Rate Supplement	-	-	-	*3*
1,243		1,243	- Payment to levying authority (GLA)	1,324	-	1,324	
6		6	- Administrative costs	6	-	6	
			Charges to Collection Fund	-	-	-	
			- Write offs (in excess of provision)	-	-	-	
23	3,231	3,254	- Increase/(decrease) in bad debt provision	841	3,169	4,010	
(420)		(420)	- Increase/(decrease) in appeals provision	(168)	-	(168)	
277		277	- Cost of collection allowance	280	-	280	
63,505	**181,094**	**244,599**	**Total expenditure**	**67,230**	**190,781**	**258,011**	
(328)	2,352	2,024	(Increase)/decrease in fund balance for the year	(2,703)	(447)	(3,150)	
(1,402)	(227)	(1,629)	Fund balance brought forward	(1,730)	2,125	395	
(1,730)	**2,125**	**396**	**(Surplus)/deficit balance carried forward**	**(4,433)**	**1,678**	**(2,755)**	*4*

Notes to the Collection Fund

Note 1: Council tax

The Council's tax base for 2025/26 - i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply), converted to an equivalent number of Band D dwellings - calculated as follows:

Band	Estimated number of dwellings after effect of discounts	Ratio	Band D equivalent dwellings	Council Tax charge per band (£)
A	4,050	6 / 9	2,700	1,518.43
B	25,291	7 / 9	19,671	1,771.51
C	33,413	8 / 9	29,700	2,024.58
D	20,388	9 / 9	20,388	2,277.65
E	7,536	11 / 9	9,210	2,783.79
F	1,735	13 / 9	2,506	3,289.94
G	411	15 / 9	685	3,796.08
H	22	18 / 9	44	4,555.30
Total	**92,845**		**84,906**	
Less adjustment for collection rates and anticipated changes in valuations and exemptions during the year			(2,123)	
Council Tax Base			**82,783**	

Note 2: Income From Business Ratepayers

The Council collects Non-Domestic Rates for its area, based upon local rateable values calculated by the Valuation Office Agency (VOA), multiplied by a nationally determined multiplier set annually by the Chancellor of the Exchequer. The total amount collectable, less certain reliefs and other deductions, is distributed to three preceptors: the Government, the GLA and the Council.

The total non-domestic rateable value at 31 March 2026 was £193.262 million (this compares to the 31 March 2025 value of £191.071 million). The national non-domestic multiplier for the year was 55.5 pence for each pound of rateable value (54.6 pence in the pound in 2024/25). The small business non-domestic rating multiplier was 49.9 pence for each pound of rateable value (49.9 pence in the pound in 2024/25).

The Valuation Office Agency (VOA) revalues all business properties in England every five years. The latest revaluation came into effect on 1st April 2026.

Note 3: Crossrail Business Rate Supplement

The Greater London Authority (GLA) introduced a Business Rate Supplement (BRS) on 1 April 2010 to finance £4.1 billion of the costs of the £15.9 billion Crossrail project, a vital new east-west train link that is now known as the Elizabeth Line. A levy was introduced of 2p per every £1 of rateable value on non-domestic properties with a rateable value of £70,000 or more in London.

Note 4: Collection Fund Balance

The Collection Fund is a statutory fund in which the Council records the transactions for Council Tax, and Non-Domestic Rates. In 2025/26 the surplus balance in the Fund relating to Non-Domestic Rates increased by £2.703m giving a surplus of £4.433m. In respect of Council Tax there was an in-year surplus of £0.447m, leaving an overall deficit balance of 1.678m

In accordance with statutory guidance, the closing surpluses and deficits on the Fund will be shared between its preceptors in line with their precept proportions. For Council Tax, £2.421 million will be paid in 2026/27 with the remaining balance forming part of the 2027/28 balance. Similarly, £1.155 million will be paid in 2026/27, leaving a surplus payable in 2026/27 of £0.193m.

Share of Surplus/(Deficit)

	2026/27	2027/28	Total
	£'000	£'000	£'000
Council Tax:			
London Borough of Waltham Forest	(2,421)	1,106	(1,315)
Greater London Authority	(664)	301	(363)
	(3,086)	**1,407**	**(1,678)**
Non-Domestic Rates:			
London Borough of Waltham Forest	1,124	224	1,349
Greater London Authority	1,387	264	1,651
Central Government	1,237	197	1,434
	3,747	**686**	**4,433**

The Accounting Code requires the Collection Fund balance to be disaggregated. The share of any surplus/deficit relating to the GLA or Central Government is shown as a creditor/debtor, whilst the share relating to LBWF is included in the Collection Fund Adjustment Account on the balance sheet.

SECTION – 5

PENSION FUND ACCOUNTS AND NOTES

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Pension Fund Account

2024/25		2025/26	
£'000		£'000	Note
	Dealings with members, employers and others directly involved in the fund		
(68,233)	Contributions	(71,660)	7
(7,494)	Transfers in from Other Pension Funds	(7,527)	8
(75,727)		**(79,187)**	
	Benefits payable:		
62,248	Benefits payable	62,992	9
8,101	Payments to and on account of leavers	11,242	10
70,349		**74,234**	
(5,378)	**Net (Additions)/Withdrawals from dealings with members**	**(4,953)**	
11,515	Management Expenses	11,789	11
6,137	**Net (Additions)/Withdrawals including fund management expenses**	**6,836**	
	Return on investments		
(22,485)	Investment income	(23,635)	12
(1,098)	Profit and losses on disposal of investments and changes in the market value of investments	(60,805)	13a
(23,583)	**Net return on investments**	**(84,440)**	
(17,446)	**Net (Increase)/Decrease in the net assets available for benefits during the year**	(77,604)	
(1,074,039)	**Opening net assets of the scheme**	(1,091,485)	
(1,091,485)	**Closing net assets of the scheme**	**(1,169,089)**	

Net Assets Statement

2024/25		2025/26	
£'000		£'000	Note
	Investment assets		
150	Long term investments	220	13
1,075,554	Investment assets	1,113,998	13
-	Investment liabilities		13
1,075,704	**Total Net investments**	**1,114,218**	
17,367	Current Assets	57,570	19
(1,586)	Current Liabilities	(2,699)	20
1,091,485	**Net assets of the fund available to fund benefits at the end of the reporting period**	**1,169,089**	

NOTE: the fund's financial statements 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**.

Notes to the Pension Fund

Note 1: Description of the Fund

The London Borough of Waltham Forest Pension Fund ('the fund') is part of the Local Government Pension Scheme and is administered by the London Borough of Waltham Forest, which is the reporting entity for this Pension Fund.

a) General

The scheme is governed by the Public Services Pensions Act 2013 and is administered in accordance with the following legislation:

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

It is a contributory defined benefit pension scheme established to provide pension and other benefits for pensionable employees of the London Borough of Waltham Forest Council and a range of other scheduled and admitted bodies within the borough. Teachers, police, firefighters and ex-NHS workers (who transferred when Public Health became Local Authority controlled in April 2013) are not included as they come within other national pension schemes. The fund is overseen by the London Borough of Waltham Forest Pension Committee.

b) Membership

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

Organisations participating in the London Borough of Waltham Forest Pension Fund include:

- **Scheduled bodies**, which are automatically entitled to be members of the fund.

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

Note 1: Description of the Fund (continued)

The following table summarises the membership of the fund as at 31 March 2025 and 31 March 2026:

31 March 2025		31 March 2026
64	Number of employers with active members	62
	Number of active employees in the fund:	
4,723	London Borough of Waltham Forest	4,663
2,604	Other employers	2,589
7,327	**Total active members**	**7,252**
	Number of pensioners:	
7,661	London Borough of Waltham Forest	7,837
1,045	Other employers	1,130
8,706	**Total pensioners**	**8,967**
	Number of Deferred members:	
7,695	London Borough of Waltham Forest	7,688
2,974	Other employers	3,190
10,669	**Total deferred pensioners**	**10,878**
26,702	**Total number of members in the fund**	**27,097**

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022 and updated employer contribution rates came into effect from 1 April 2023 onwards. Contribution rates payable over 2025/26 were based on outcomes from 31 March 2022 actuarial valuation.

d) Benefits

Prior to 1 April 2014, pension benefits were based on final pensionable pay and length of pensionable service. From 1 April 2014, the fund became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th.

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the LGPS website below:
www.lgpsmember.org.

Note 2: Basis of Preparation

The Statement of Accounts summarises the fund's transactions for the 2025/26 financial year and its financial position at 31 March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) which is based upon International Financial Reporting Standards (IFRS,) as amended for the UK public sector. The accounts are prepared on a going concern basis and this is assessed by the management of London Borough of Waltham Forest using four key factors as follows:

- Investment returns and Net Asset Values
- Cash flow forecasts and liquidity
- Membership trends
- Funding levels and delivery of agreed recovery plans

Each is considered in turn below:

The Pension Performance as at 31 March 2025 was not on target to meet its overall strategic target. The strategic performance target of the fund to recover its deficit is the Consumer Price Index 3.1% + 1.85% (4.95%) set in the Funding Strategy following the 2022 triennial valuation.

Over the 12 months to 31 March 2026, the fund returned 7.6%, underperforming against the benchmark of 13.2% by 5.6%

The Fund's 3-year return was 5.5% p.a. as at 31 March 2026, underperforming against the benchmark of 11.4% by 5.9%.

Net assets increased by 7.1% during the period 31 March 2025 to 31 March 2026.

The fund continues to work on its Strategy asset allocation to ensure that future returns meet expectations of the funding Strategy.

Cash flows remain robust. Excluding cash held for investment purposes the Fund held cash of £32.5m at 31 March 2026, an increase of £20.4m compared to 31 March 2025 of £12.1m.

In addition, the Fund holds 82% of its investment portfolio in liquid assets totalling £961.2m held in in equities and bonds, which could be realised within 3 months if required. Cash flow forecasts of £22.9m, up to 31 March 2027, confirm that the Fund can meet its obligations to pay pensions until up to 12 months from the authorisation of these accounts without the need to sell investments.

In the financial year to 31 March 2026, the number of employing bodies decreased from 64 to 62 and current membership decreased from 7,327 to 7,252.

The Fund was assessed as 81% funded as at 31 March 2022, a slight improvement on the funding level of 80% at 31 March 2019. Plans are in place to recover the deficit over a period of 14.7 years based on a strategic performance. For the reasons set out above, the Administering Authority is satisfied that the London Borough of Waltham Forest Pension Fund is a going concern and the financial statements for 2025/26 have been prepared on this basis accordingly. The statement of accounts summarises the fund's transactions for the 2025/26 financial year and its financial position at 31 March 2026.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 17.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified that affect the Pension Fund at 31 March 2026.

Note 3: Summary of Significant Accounting Policies

Fund Account - revenue recognition

a) Contribution income

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

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates linked to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate.
- Employer deficit funding contributions are accounted for on the basis advised by the fund actuary in the rates and adjustment certificate issued to the relevant employing body or on receipt if earlier than the due date
- Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose
- Any contributions due but unpaid will be classed as a current financial asset

b) Transfers to and from other schemes

Individual transfers in or out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in, see **Note 8**.

c) Investment income

- Interest income is recognised as it accrues, using the effective interest rate of the financial instrument at the date of acquisition or origination.
- Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received at the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Distributions from pooled funds are recognised at the date of issue. Any amounts not received by the end of the reporting period are disclosed in the net assets statement as a current financial asset.
- Changes in the net market value of investments are recognised in the Fund Account and comprise all realised and unrealised profits/losses during the year.

Fund account - expense items

d) Benefits payable

Pensions and lump sum benefits payable include all amounts known to be due at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, providing that payment has been approved.

Note 3: Summary of Significant Accounting Policies (continued)

e) Taxation

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

f) Management expenses

The fund discloses its pension fund management expenses in accordance with CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the fund on an accruals basis as follows:

Administrative expenses

All direct costs of the pensions administration team are charged as administrative expenses to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

Oversight and governance costs

All staff costs associated with governance and oversight are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

Investment management expenses

- Investment management expenses are charged directly to the fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted of quarterly valuations by investment managers, these expenses are shown separately in Note 11a and grossed up to increase the change in value of investments.
- Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.
- In addition, the Fund negotiated with Darwin Leisure Property Fund, Capital Dynamics, Global Infrastructure Partners, IVUK and Invesco an element of their fee be performance related. Where an investment manager's fee note has not been received by year-end, an estimate based on the market value of their mandate at 31 March is used for inclusion in the fund account.
- The cost of a proportion of the time spent by officers on investment management activity is also charged to the fund.

Note 3: Summary of Significant Accounting Policies (continued)

Net Assets Statement

g) Financial assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date in accordance with the requirements of the Code and IFRS13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Investment assets are recognised in the Net Assets Statement on the date the fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 13a. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the Fund Account.

Any financial assets not relating to investments are carried in the net asset statement at amortised cost, i.e. the outstanding principal receivable as at the year-end date plus accrued interest.

h) Foreign currency transactions

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

i) Cash and cash equivalents

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

j) Financial assets at amortised cost

A financial liability is recognised in the Net Asset Statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities relating to investment trading at Fair Value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the Fund Account as part of the Change in Value of Investments. Any financial liabilities not relating to investments are classified as liabilities held at amortised cost and are carried in the Net Asset Statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in Administration costs.

k) Financial liabilities

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the fund actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement, see Note 18.

l) Actuarial present value of promised retirement benefits

The London Borough of Waltham Forest Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVCs are not included in the accounts in accordance with section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only, see Note 21.

Note 3: Summary of Significant Accounting Policies (continued)

m) Contingent Assets and Contingent Liabilities

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

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed in the notes.

Note 4: Critical Judgements in Applying Accounting Policies

Pension Funding Arrangements (note 17)

Independent re-valuations by the fund's appointed actuary are carried out every three years. These triennial re-valuations are used to set future contribution rates and underpin the fund's investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return. This valuation is subject to a number of significant financial and demographic assumptions which are discussed and agreed with management and have been summarised in Note 17. The most significant of these assumptions relate to pensioner longevity, changes to pay and pensioners' benefit entitlements, movements in the CPI and forecast discount rates.

Note 5: Key accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations, however actual outcomes could be different from the assumptions and estimates made.

Items in the Net Asset Statement where there is a significant risk of material adjustment in 2025/26 are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 18)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. Independent actuaries are engaged to provide the fund with expert advice about the assumptions to be applied.	For instance: • a 0.5% increase in the discount rate would reduce future pension liabilities by c£78m • a 0.25% increase in earnings inflation would increase future pension benefits by c.£4m • a one-year increase in assumed life expectancy would increase future pension benefits by c£27m.
Level 3 investments (Note 14)	Valuation techniques based on unobservable price inputs are used to determine the carrying value of pooled investment assets such as property unit trusts, hedge funds, infrastructure and social impact funds.	Changes in the valuation assumptions used could affect the fair value of level 3 investments by up to 13.3% i.e. an increase or decrease of £5.7m on carrying values of £71.6m.

Note 6: Events After the Balance Sheet Date

No significant events have occurred between the Balance Sheet date of 31 March 2026 and the date that these financial statements were authorised for issue.

Note 7: Contributions Receivable

By category

2024/25	Category	2025/26
£'000		£'000
	Employer's contributions:	
(41,808)	Normal Contributions	(43,215)
(9,830)	Deficit recovery contributions	(10,961)
(3,335)	Additional Contributions (early retirement)	(3,729)
(54,973)		**(57,905)**
(13,260)	Employees' contributions	**(13,755)**
(68,233)	**Total**	**(71,660)**

By type of employer

2024/25	Authority	2025/26
£'000		£'000
(50,228)	Administering authority	(52,766)
(16,842)	Scheduled bodies	(17,475)
(1,163)	Admitted bodies	(1,419)
(68,233)	**Total**	**(71,660)**

Note 8: Transfers in from Other Pension Funds

By category

2024/25		2025/26
£'000		£'000
(7,494)	Individual transfers	(7,527)
(7,494)	**Total**	**(7,527)**

Note 9: Benefits Payable

By category

2024/25	Category	2025/26
£'000		£'000
50,981	Pensions	52,348
10,257	Commutation and lump sum retirement benefits	9,510
1,010	Lump sum death benefits	1,134
62,248	**Total**	**62,992**

By type of employer

2024/25	Authority	2025/26
£'000		£'000
54,557	Administering authority	54,805
5,338	Scheduled bodies	5,352
2,353	Admitted bodies	2,835
62,248	**Total**	**62,992**

Note 10: Payments to and on Account of Leavers

2024/25		2025/26
£'000		£'000
285	Refunds to members leaving service	241
7,816	Individual transfers	11,001
8,101	**Total**	**11,242**

Note 11: Management Expenses

2024/25		2025/26
£'000		£'000
1,364	Administration Expense	1,589
204	Actuary 's fee and expenses	282
191	External audit fees	143
322	Oversight and Governance	308
9,434	Investment management expenses (note 11a)	9,491
11,515	**Total**	**11,814**

Note 11a: Investment Management Expenses

2025/26	Transaction costs	Management fees	Performance related fees	Total
	£'000	£'000	£'000	£'000
Pooled equities	1,945	2,275	-	4,220
Pooled Fixed Interest	314	606	-	920
Pooled property	31	1,527	-	1,558
Pooled infrastructure	146	991	1,004	2,141
Diversified Growth Funds	155	501	-	656
	2,591	**5,900**	**1,004**	**9,495**
Custody fees				(4)
Total				**9,491**

2024/25	Transaction costs	Management fees	Performance related fees	Total
	£'000	£'000	£'000	£'000
Pooled equities	1,068	2,031	-	3,099
Pooled Fixed Interest	426	541	-	967
Pooled property	-	372	-	372
Pooled infrastructure	146	1,631	2,533	4,310
Diversified Growth Funds	110	537	-	647
	1,750	**5,112**	**2,533**	**9,395**
Custody fees				39
Total	**1,750**	**5,112**	**2,533**	**9,434**

Note 12: Investment Income

2024/25	Authority	2025/26
£'000		£'000
(5,995)	Equity Dividends	(7,208)
(1,342)	Pooled funds: Property	(1,267)
(2,007)	Pooled funds: Infrastructure	(1,414)
(11,119)	Pooled funds: Fixed Interest	(11,931)
(2,013)	Interest	(1,815)
(9)	Other	-
(22,485)	**Total**	**(23,635)**

Note 13: Top Investments Holdings

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

31 March 2025 Market value £'000	%	Fund Manager	31 March 2026 Market value £'000	%
172,452	16	LCIV Global Alpha Growth Paris-Aligned Fund	187,239	17
126,680	12	LCIV MAC Fund	178,348	16
116,570	11	LCIV Sustainable Equity Exclusion Fund	128,976	12
92,655	9	LCIV Emerging Market Equity Fund	123,915	11
130,048	12	LCIV Passive Equity Progressive Paris-Aligned	111,402	10
-	-	LCIV Global Bond Fund	55,705	5
103,086	10	LCIV Global Equity Focus Fund	-	-
61,227	6	Nordea DGF	-	-
59,770	6	Newton DGF	-	-
862,488	**82**		**785,585**	**71**

Note 13a: Reconciliation of Movements in Investment

Movements in Investment Assets 2025/26	31-Mar-2025	Purchases	Sales	Change in market value	31-March-2026
	£'000	£'000	£'000	£'000	£'000
Equity - London CIV	150	70	-	-	220
Pooled funds:					
Equities	614,887	18,215	(86,679)	69,630	616,053
Property	74,461	4,832	(6,405)	(11,286)	61,602
Infrastructure	42,420	6,231	(10,295)	(1,521)	36,835
UK Impact Ventures	870	-	-	(91)	779
Fixed interest securities	180,091	94,011	-	(1,929)	272,173
Diversified Growth Funds	120,997	-	(40,656)	6,002	86,343
	1,033,876	**123,359**	**(144,035)**	**60,805**	**1,074,005**
Cash and money market instruments	41,673	-	-	-	40,085
Investment debtors at 31 March	-	-	-	-	-
Accrued income	155	-	-	-	128
Investment creditors at 31 March	-	-	-	-	-
Total	**1,075,704**	**123,359**	**(144,035)**	**60,805**	**1,114,218**

Movements in Investment Assets 2024/25	31-March-2024	Purchases	Sales	Change in market value	31-Mar-2025
	£'000	£'000	£'000	£'000	£'000
Equity - London CIV	150	-	-	-	150
Pooled funds:					
Equities	646,778	-	(39,165)	7,274	614,887
Property	88,678	-	(395)	(13,822)	74,461
Infrastructure	49,429	12,394	(22,389)	2,986	42,420
UK Impact Ventures	2,230	-	(477)	(883)	870
Fixed interest securities	168,060	10,153	-	1,878	180,091
Diversified Growth Funds	79,979	37,353	-	3,665	120,997
	1,035,304	**59,900**	**(62,426)**	**1,098**	**1,033,876**
Cash and money market instruments	33,637	-	-	-	41,673
Investment debtors at 31 March		-	-	-	-
Accrued income	158	-	-	-	155
Investment creditors at 31 March		-	-	-	-
Total	**1,069,099**	**59,900**	**(62,426)**	**1,098**	**1,075,704**

Note 13b: Investments Analysed by Fund Manager

31-Mar-25 Market value £'000	%	Fund Manager	Type of Fund	31-Mar-26 Market value £'000	%
		Investments managed by the London CIV			
150	-	CIV 1 Collective Vehicle	Unquoted UK equity	220	-
484,763	45	CIV 2 Global Equities	Global equities - pooled funds	504,575	45
130,048	12	CIV 2 Global Equities	Global equities - segregated funds	111,402	10
180,091	17	CIV 2 Global Fixed Interest	Global fixed interest - pooled funds	272,173	24
8,661	1	CIV 2 Renewable Infrastructure	Pooled infrastructure fund	13,088	1
803,713	**75**	**Total managed by the London CIV asset pool**		**901,458**	**80**
		Investments managed outside the London CIV			
		Equities			
1,592	-	AXA Framlington IM	Global equities - segregated funds	1	
159	-	NT Transition Account	UK Equities	160	
1,751	**-**			**161**	**-**
		Pooled Investments			
-		LGIM	Global equities - pooled funds	-	-
5,624	-	Capital Dynamics	Pooled infrastructure fund	987	-
28,135	3	Global Infrastructure Partners II & III	Pooled infrastructure fund	22,760	2
61,227	6	Nordea Investment Funds	Diversified Growth Fund	40,136	4
59,770	6	Newton Investment Management	Diversified Growth Fund	46,207	4
27,179	2	Darwin Leisure Property Fund	Pooled property limited partnerships UK unqu	-	-
	-	ABT Capital	Pooled property limited partnerships UK unqu	15,719	1
27,529	2	UBS Global Asset Management	Pooled property unit trust UK quoted	27,883	3
19,753	2	Invesco PRS	Pooled property limited partnerships UK unqu	18,000	2
870	-	Impact Ventures UK	Social Impact UK unquoted	779	-
40,153	4	Cash		40,128	4
271,991	**25**	**Total managed outside the London CIV asset pool**		**212,760**	**20**
1,075,704	**100**	**Total Fund Value**		**1,114,218**	**100**

Note 14: Fair Value

All investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

Assets and liabilities are classified into three levels, according to the quality and reliability of information used to determine fair values.

Note 14: Fair Value (continued)

- **Level 1** - where values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted bonds and unit trusts.
- **Level 2** - where quoted market prices are not available estimation techniques are used to determine fair value based on observable data.
- **Level 3** - where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The valuation basis for each category of investment asset is set out below

Description of asset	Basis of Valuation	Observable and unobservable inputs	Key Sensitivities affecting valuation provided
Level 1			
Cash balances, money market funds and other assets and liabilities held at amortised cost	All have an expected maturity date of less than two months, therefore Fair Value represents the carrying value of these assets and liabilities.	Not Required	Not Required
Quoted UK and Global equities (pooled and non-pooled investments)	Published bid price ruling on the final day of the accounting period	Not Required	Not Required
Non-investment current assets and current liabilities (carried at amortised costs)	Given the short term nature of these transaction and the high degree of certainty relating to settlement value, Fair Value represents carrying value at year end date.	Not Required	Not Required
Level 2			
Quoted UK and Global equities (pooled and non-pooled investments)	Not quoted but regularly traded	Evaluated price feeds	Not Required
Pooled property unit trust	Closing single price (where published)	Evaluated price feeds	Not Required
Diversified Growth Funds	Not quoted but regularly traded	Evaluated price feeds	Not Required
Level 3			
Pooled property investments and Social Impact Fund	Valued by custodian on a fair value basis each year end using PRAG guidance.	NAV-based pricing set on a forward pricing basis	Valuation 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 cash flows and by any differences between audited and unaudited accounts
Pooled property investments	Valued by custodian on a fair value basis each year end using PRAG guidance.	NAV-based pricing set on a forward pricing basis	Valuation 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 cash flows and by any differences between audited and unaudited accounts
Unquoted investment in London CIV	This unquoted investment has been carried at cost. Costs in this instance has been determined as the best estimate of Fair Value that no market for this assts currently exists.	Price paid	Valuation 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 cash flows and by any differences between audited and unaudited accounts

Note 14a: Sensitivity of assets valued at level 3

The fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out the consequent potential impact on the closing value of investments held at 31 March 2025 and 31 March 2026.

Asset type	Potential variation in fair value depending on valuation basis adopted	Values at 31 March 2026	Potential value on increase	Potential value on decrease
	£'000	£'000	£'000	£'000
Pooled property funds	13.30%	33,719	38,204	29,234
Infrastructure	3.30%	36,835	38,051	35,619
Social impact funds	3.30%	779	805	753
CIV - unquoted UK equity	3.30%	220	227	213
Total		**71,553**	**77,287**	**65,819**

Asset type	Potential variation in fair value depending on valuation basis adopted	Values at 31 March 2025	Potential value on increase	Potential value on decrease
	£'000	£'000	£'000	£'000
Pooled property funds	6.10%	46,932	49,795	44,069
Infrastructure	3.30%	42,420	43,820	41,020
Social impact funds	3.30%	870	899	841
CIV - unquoted UK equity	3.30%	150	155	145
Total		**90,372**	**94,669**	**86,075**

Note 14b: Fair Value Hierarchy

	Values at 31 March 2025				Values at 31-March-2026			
	Quoted market Price	Using observable inputs	With significant unobservable inputs	Total	Quoted market Price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets at fair value through profit and loss	-	-	-					
	-	-	-					
Equity - London CIV	-	-	150	150	-	-	220	220
	-	-	-					-
Pooled funds	-	-	-					-
Equities	614,887	-	-	614,887	616,053	-	-	616,053
Property	-	27,529	46,932	74,461	-	27,883	33,719	61,602
Infrastructure	-	-	42,420	42,420	-	-	36,835	36,835
Diversified Growth Fund	120,997	-	-	120,997	86,343	-	-	86,343
Social impact funds	-	-	870	870	-	-	779	779
Fixed Interest	180,091	-	-	180,091	272,173	-	-	272,173
Cash and money market deposits	41,673	-	-	41,673	40,085	-	-	40,085
Cash not forming part of investments balances	12,090	-	-	12,090	32,534	-	-	32,534
	-	-	-					-
Amounts receivable from investment sales	-	-	-	-	-	-	-	-
	-	-	-					-
Accrued investment income	155	-	-	155	128	-	-	128
Debtors	5,277	-	-	5,277	25,036	-	-	25,036
	975,170	**27,529**	**90,372**	**1,093,071**	**1,072,352**	**27,883**	**71,553**	**1,171,788**
Financial assets at fair value through profit and loss								
Payable form investments purchases	-	-	-	-	-	-	-	-
Creditors	(1,586)	-	-	(1,586)		-	-	(2,699)
Total	**973,584**	**27,529**	**90,372**	**1,091,485**	**1,072,352**	**27,883**	**71,553**	**1,169,089**

Note 14c: Reconciliation of Fair Value Measurements within level 3

Reconciliation of Fair Value Measurements within level 3

2025/26	Value as 1 Apr	Purchases	Sales	Unrealised gains/losses	Realised gains/losses	Value at 31 March
	£'000	£'000	£'000	£'000	£'000	£'000
Pooled Property funds	46,932	4,832	(5,640)	17,735	(30,140)	33,719
Infrastructure	42,420	6,231	(10,295)	(4,797)	3,276	36,835
Social impact funds	870	-	-	(91)	-	779
CIV - unquoted equity	150	70	-	-	-	220
Total	**90,372**	**11,133**	**(15,935)**	**12,847**	**(26,864)**	**71,553**

2024/25	Value as 1 Apr	Purchases	Sales	Unrealised gains/losses	Realised gains/losses	Value at 31 March
	£'000	£'000	£'000	£'000	£'000	£'000
Pooled Property funds	62,165	-	(375)	(14,858)	-	46,932
Infrastructure	49,429	12,394	(22,389)	(8,651)	11,637	42,420
Social impact funds	2,230	-	(477)	(883)	-	870
CIV - unquoted equity	150	-	-	-	-	150
Total	**113,974**	**12,394**	**(23,241)**	**(24,392)**	**11,637**	**90,372**

Note 15a: Classification of Financial Instruments

	Values at 31 March 2025				Values at 31 March 2026			
	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Total	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets								
London CIV	150	-	-	150	220	-	-	220
Pooled funds								
Equities	614,887	-	-	614,887	616,053	-	-	616,053
Property	74,461	-	-	74,461	61,602	-	-	61,602
Infrastructure	42,420	-	-	42,420	36,835	-	-	36,835
Diversified Growth Fund	120,997	-	-	120,997	86,343	-	-	86,343
Fixed interest	180,091	-	-	180,091	272,173	-	-	272,173
Social impact funds	870	-	-	870	779	-	-	779
Cash and money market deposits	-	41,673	-	41,673	-	40,085	-	40,085
Cash not forming part of investment balances	-	12,090	-	12,090	-	32,534	-	32,534
Amounts receivable from investments sales	-	-	-	-	-	-	-	-
Accrued investment income	-	155	-	155	-	128	-	128
Debtors	-	5,277	-	5,277	-	25,036	-	25,036
Financial assets total	**1,033,876**	**59,195**	**-**	**1,093,071**	**1,074,005**	**97,783**	**-**	**1,171,788**
Financial liabilities								
Amounts payable for investment purchases	-	-	-	-	-	-	-	-
Creditors	-	-	(1,586)	(1,586)	-	-	(2,699)	(2,699)
Financial liabilities total	**-**	**-**	**(1,586)**	**(1,586)**	**-**	**-**	**(2,699)**	**(2,699)**
Total	**1,033,876**	**59,195**	**(1,586)**	**1,091,485**	**1,074,005**	**97,783**	**(2,699)**	**1,169,089**

Note 15b: Gains and Losses on Financial Instruments

2024/25	Investments	2025/26
£'000		£'000
	Financial Assets	
15,803	Gains on assets designated at fair value through profit and loss	75,632
(14,705)	(Losses) on assets designated at fair value through profit and loss	(14,827)
1,098	**Total**	**60,805**

Note 16: Nature and Extent of Risks Arising from Financial Instruments

Risk and risk management

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

Responsibility for the fund's risk management strategy rests with the Pension Fund committee. Risk Management policies are established to identify and analyse the risk faced by the pension fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return. In general, excessive volatility in market risk is managed through diversification of the portfolio in terms of geographical and industry sectors and individual securities.

To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis, and manage any identified risks in two ways:

- fund exposure to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels.
- specific risk exposure is limited by applying risk weighted maximum exposures to individual investments.

Other price risk

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

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

Note 16: Nature and Extent of Risks Arising from Financial Instruments (continued)

The fund has determined that the following movements in market price risk are reasonably possible for the 2025/26 reporting period, assuming that all other variables, in particular foreign exchange rates and interest rates remain the same:

Asset Type	Values at 31 March 2026	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Equities (pooled and non-pooled)	616,273	10.2	679,133	553,413
Pooled property investments	61,602	13.3	69,795	53,409
Alternatives	123,957	3.3	128,048	119,866
Pooled fixed interest	272,173	4.9	285,509	258,837
Cash, debtors and creditors	95,084	1.6	96,605	93,563
Total assets available to pay benefits	**1,169,089**		**1,259,090**	**1,079,088**

Asset Type	Values at 31 March 2025	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Equities (pooled and non-pooled)	615,037	11.2	683,921	546,153
Pooled property investments	74,461	6.1	79,003	69,919
Alternatives	164,287	3.3	169,708	158,866
Pooled fixed interest	180,091	7.2	193,058	167,124
Cash, debtors and creditors	57,609	1.5	58,473	56,745
Total assets available to pay benefits	**1,091,485**		**1,184,163**	**998,807**

Interest rate risk

Interest rate risk is routinely monitored by the pension fund and its investment advisers in accordance with the fund's investment strategy. The fund recognises that interest rates can vary and the fund's investment advisor has advised that long-term average rates are expected to move less than 100 basis points (1%) from one year to the next. The impact of a 1% change in interest rate yields on cash balances is shown below

	Values at 31 March 2026	Impact of 1% increase	Impact of 1% decrease
	£'000	£'000	£'000
Cash held with custodian	85	86	84
Money market funds	40,000	40,400	39,600
Cash not forming part of investment balances	32,534	32,859	32,209
Fixed Interest	272,173	274,895	269,451
Total	**344,792**	**348,240**	**341,344**

Note 16: Nature and Extent of Risks Arising from Financial Instruments (continued)

Interest rate risk (continued)

	Values at 31 March 2025	Impact of 1% increase	Impact of 1% decrease
	£'000	£'000	£'000
Cash held with custodian	1,673	1,690	1,656
Money market funds	40,000	40,400	39,600
Cash not forming part of investment balances	12,090	12,211	11,969
Fixed Interest	180,091	181,892	178,290
Total	**233,854**	**236,193**	**231,515**

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on financial instruments that are denominated in any currency other than sterling. The fund's currency rate risk is routinely monitored by the pension fund and its investment advisers in accordance with the fund's investment strategy.

In consultation with the fund's performance advisers, the fund has determined that the following movements in currency risk are reasonably possible for the 2025/26 reporting period, assuming that all other variables, in particular market price risk and interest rates remain the same:

Asset Type	Values at 31 March 2026	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Overseas Equities	615,977	6.8	657,863	582,714
Overseas Alternatives	22,760	6.8	24,308	21,531
Total	**638,737**		**682,171**	**604,245**

Asset Type	Values at 31 March 2025	Potential market movement (+/-)	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Overseas Equities	614,811	5.4	648,011	581,611
Overseas Alternatives	28,135	5.4	29,654	26,616
Total	**642,946**		**677,665**	**608,227**

Note 16: Nature and Extent of Risks Arising from Financial Instruments (continued)

Credit risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the fund's financial assets and liabilities. The selection of high-quality counterparts, brokers and financial institutions minimises credit risk that may occur through the failure of third parties to settle transactions in a timely manner.

The fund has also set limits as to the maximum sum placed on deposit with individual financial institutions. In addition, the pension fund invests a percentage of its funds in the money markets to provide liquidity on cash balances. Money market funds chosen are in line with the Council's Treasury Management Strategy and all have a AAA rating from leading ratings agency. The pension fund bank account is also held in line with Council's selection for its main bank account provider.

Asset Type	Rating	Balances at 31-March-2025	Balances at 31-March-2026
		£'000	£'000
Money market funds			
Morgan Stanley MMF	AAA	5,000	5,000
Aberdeen MMF	AAA	5,000	5,000
Invesco MMF	AAA	5,000	5,000
Aviva MMF	AAA	5,000	5,000
Goldman Sachs	AAA	5,000	5,000
Federated Prime Rate	AAA	5,000	5,000
CCLA	AAA	5,000	5,000
Insight MMF	AAA	5,000	5,000
Bank current account			
Barclays Bank		12,090	32,534
Total		**52,090**	**72,534**

Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The pension fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The fund's cash holding under its treasury management arrangements as at 31 March 2026 was £72.5m (31 March 2025 £52.1m).

The fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. As at 31 March 2026, the value of liquid assets was £961m, representing 82% of total fund assets (31 March 2025 £849m, representing 78% of total fund assets).

Refinancing risk

The key risk is that the pension fund will need to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The pension fund does not have any financial instruments that carry a refinancing risk as part of its current investment strategy.

Note 17: Funding Arrangements

An actuarial valuation of the London Borough of Waltham Forest Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.
On the basis of the assumptions adopted, the fund's assets of £1,048 million represented 81% of the fund's past service liabilities of £1,293 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £245 million.

The valuation also showed that a Primary contribution rate of 17.2% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this. The FSS sets out the process for determining the recovery plan in respect of each employer. At the last actuarial valuation the average recovery period adopted was 14.6 years for employers in deficit and 16 years for employers in surplus. The total recovery payment (the "Secondary rate" for 2023/26) was, on average, an addition of approximately £16.9m per annum (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

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

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2023.

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

The valuation was carried out using the projected unit actuarial method. Full yield curves were used in calculating the liabilities. Approximate single equivalent rates for the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

Key demographic assumptions

		31-March-2022	31-March-2019
Retiring today	Males	21.9	22.5
	Females	23.5	25.0
Retiring in 20 years	Males	24.1	24.1
	Females	26.1	26.9

Key financial assumptions - Past Service

	2022	2019
	%	%
Rate of return on investments (discount rate)	4.95% per annum	4.35% per annum
Rate of pay increases (long term)*	4.6% per annum	3.9% per annum
Rate of increases in pensions in payment (in excess of GMP)	3.1% per annum	2.4% per annum

Key financial assumptions - Future Service

	2022	2019
	%	%
Rate of return on investments (discount rate)	5.35% per annum	4.9% per annum
Rate of pay increases (long term)*	4.6% per annum	3.9% per annum
Rate of increases in pensions in payment (in excess of GMP)	3.1% per annum	2.4% per annum

All investment assets were assessed at market value.

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

Note 18: Actuarial Present Value of Promised Retirement Benefits

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

In order to assess the value of the benefits on this basis, the actuary also has to update the key financial assumptions, as shown below:

2024/25		2025/26
%		%
2.6	Rate of CPI (inflation)	2.9
2.7	Pension increase rate	3.0
4.1	Salary increase rate	4.4
5.8	Discount rate (investment returns)	6.1

The estimated net present value of pension fund assets and liabilities on an IAS 19 basis is as follows:

2024/25		2025/26
£'000		£'000
(1,321,000)	Net present value of liabilities	(1,303,000)
1,079,548	Net assets	1,114,218
(241,452)		**(188,782)**

Note 19: Current Asset

Analysis of debtors outstanding at 31 March 2026:

2024/25		2025/26
£'000		£'000
	Debtors	
1,046	Contributions due - employees	937
3,226	Contributions due - employers	2,938
4,272		**3,875**
1,005	Other entities and individuals	21,161
12,090	Cash not forming part of investment balances	32,534
17,367		**57,570**

Note 20: Current Liabilities

Analysis of creditors outstanding at 31 March 2026:

2024/25		2025/26
£'000		£'000
(440)	Unpaid benefits	(507)
(577)	Owed to administering authority (LBWF)	(1,826)
(569)	Other entities and individuals	(366)
(1,586)		**(2,699)**

Note 21: Additional Voluntary Contributions

	Contributions	Market Value	Contributions	Market Value
	2024/25	31-Mar-2025	2025/26	31-Mar-2026
	£'000	£'000	£'000	£'000
Utmost Life and Pensions (formerly Equitable life)	-	125	-	125
Clerical Medical	86	641	**	**
Phoenix Life	-	12	**	**
	86	**778**	**-**	**125**

** Not available at this time

Note 22: Related Party Disclosure

London Borough of Waltham Forest

The Pension Fund is administered by the London Borough of Waltham Forest, which is also the single largest employing body in the pension fund. The Pension Fund is administered by the Council and was charged £811,447 for staff time and services in 2025/26 (£745,639 in 2024/25).

The amount owed to administering body is in respect of payments made on behalf of the pension fund to be reimbursed.

London LGPS CIV Limited

London LGPS CIV Limited was established to manage investment assets on behalf of Local Government Pension Schemes (LGPS) funds across London. It is jointly owned in equal shares by the thirty two administering authorities participating in the London CIV Pool, of which London Borough of Waltham Forest, as the administering authority for London Borough of Waltham Forest Pension Fund, is one of the shareholders.

Governance

There are no members of the Pension Fund committee who is in receipt of pension benefits from the Waltham Forest Pension Fund. Each member of the Pension Fund Committee is required to declare their interests at each meeting.

Key management personnel

The key management personnel of the Fund are the Members of the Pension Fund Committee and the Corporate Director of Financial Services. Total remuneration payable to key management personnel is set out below:

2024/25	Remuneration payable to key management personnel	2025/26
£'000		£'000
62	Short-term benefits	62
-	Post-employment benefits	5
62		**67**

Note 23: Contingent Liabilities and Contractual Commitments

The fund has outstanding commitments in relation to its five infrastructure funds. As at 31 March 2026 there were £111.5m of infrastructure commitments outstanding (£68.3m as at 31 March 2025). These commitments are drawn down in tranches over time as and when fund managers request them and are not included in the Pension Fund accounts up to that point.

Note 24: Further Information

Copies of the Pension Fund Annual Accounts, Annual Report, Investment Strategy Statement, Funding Strategy Statement, Pension Fund Valuation 2022 are published on the Council's website:

http://www.walthamforest.gov.uk

SECTION – 6

ANNUAL GOVERNANCE STATEMENT

ANNUAL GOVERNANCE STATEMENT - YEAR ENDED 31 MARCH 2026

Executive Summary

Good governance lies at the heart of London Borough of Waltham Forest council's ability to achieve the ambitions it sets out in its corporate strategy, Mission Waltham Forest sets out its approach to shaping a more equal borough and tackling inequality whilst driving the transformation the Council needs to deliver this. It sets the Council's strategic direction and its ambition for the future of Waltham Forest.

In a time of increasing financial pressures and with recent examples of governance failures in the local government sector, it has never been more important to have strong governance arrangements in place. The council is committed to acting in the public interest, in managing its finances, and making inclusive, robust decisions and plans that ultimately deliver improved outcomes for those it serves.

The Annual Governance Statement (AGS) is a valuable means of explaining to the community, service users, taxpayers and other stakeholders the council's governance arrangements and how the controls it has in place manage risk and deliver its strategic outcomes. A description of the council's main governance arrangements is provided in section 2 of the AGS.

The council is required by law to conduct a review, at least once a year, of the effectiveness of its governance arrangements and communicate this publicly in an Annual Governance Statement. Details of the council's 2025/26 review are provided in sections 3 and 4 of the AGS. The review process has been undertaken in an open and honest manner and has considered the council's performance across all its activities.

The review has identified a number of areas where arrangements can be strengthened. These are summarised below:

- The council has identified where its Constitution needs to be updated to make it accessible, internally consistent, legally compliant and fit for purpose.
- The Budget and Council Tax Setting Report agreed at full Council in February presented a balanced position for 2026/27. The position assumes £19.0m of Exceptional Financial Support, a measure agreed in principle by the Ministry of Housing, Communities and Local Government, to meet immediate financial obligations. For the remaining years of the Medium-Term Financial Strategy, it included a funding gap of £19.3m for 2027/28 and a further £4.6m for 2028/29. To manage the pressures, budget savings of £10.1m and management actions of £8.5m were designed during the latter half of 2025 and are predominantly for delivery in 2026/27. To address future funding pressures and to achieve financial sustainability, a transformation programme was put in place, under Mission Waltham Forest, to transform the organisation to become more resilient, dynamic and capable of adapting to the ever-evolving needs of our communities. In total, there are currently planned savings of £42.1m, including the £18.6m for 2026/27, £15.8m for 2027/28 and £7.7m for 2028/29.
- The Council continues to manage a backlog of Subject Access Requests (SARs), resulting in extended response times.
- In contrast, significant performance improvements have been achieved in the handling of Freedom of Information (FOI) requests and complaints following the implementation of the Service Recovery Programme.
- Although compliance in this area is subject to increased scrutiny by the Information Commissioner's Office, relationships with the Housing Ombudsman and the Local Government and Social Care Ombudsman have strengthened and improved markedly.
- Internal Audit raised six medium and one low risk findings as part of their annual audit plan.
- Continue to ensure compliance with internal governance around decision making and high priority projects.
- Adult Services are delivering on their transformation programme, which includes a new target operating model which focuses on prevention and enabling residents to be as independent and as well as possible. Four workstreams focus on developing strengths-based practice, new commissioning opportunities, a more preventive approach to triage and assessment, and review of the systems and processes that support the service to deliver its statutory requirements.

- Overall, in 2025/26 there was a reduction in maladministration findings by the Housing Ombudsman compared to 2024/25 (from 78% to 56%). The one severe maladministration determination by the Housing Ombudsman this year highlighted the importance of focusing improvements in the coordination of complex cases. Ensuring that our tenants are safe, comfortable, and secure in their homes is a top priority and we review all severe maladministration findings at Corporate and Strategic Director levels and with the Portfolio Lead Member for Housing. We have completed delivery of our Complaints Improvement Plan and provided assurance to the Housing Ombudsman and Regulator for Social Housing. For the single severe maladministration finding this year, we have accepted the Ombudsman's findings in full and put robust plans in place to address their recommendations which have been reported to Housing Senior Leadership Team and the Portfolio Lead Member.

- The council is not currently complying fully with the Local Government Transparency Code 2015 which requires local authorities to publish a number of datasets to show how money is spent, how assets are used, how decisions are taken and who is taking them, and issues considered important to local people, for example parking. Significant work has been undertaken by the Internal Audit team to address the areas of non-compliance.

- The Council's 2024-25 accounts have been audited and were signed on the 25th February 2026, bringing us up to date with external audits. The external auditors, KPMG, were unable to perform the procedures considered necessary to form an opinion on the financial statements ahead of the backstop date of 27th February 2026 set by Government, therefore a Disclaimer of Opinion was issued for 2024-25, meaning the auditor does not express an opinion on the financial statements. A large number of other authorities are in the same position in relation to having a Disclaimer of Opinion issued for signed accounts to meet the backstop dates however, the council continues to work with the auditor towards ensuring statutory deadlines are met and with the aim to have unqualified accounts as soon as reasonably practicable.

- Governance around the delivery of Mission Waltham Forest, to ensure delivery and accountability.

The council is committed to addressing each of these governance issues and has prepared an action plan to enable this, shown in section 4 of the AGS. Progress in implementing the action plan will be carefully monitored during the year ahead, and an update will be reported in next year's AGS.

Signed by:

Linzi Roberts-Egan
Chief Executive

Councillor Paul Perkins
Leader of the Council

Introduction

1.1 Good governance is about how an organisation such as a local authority ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

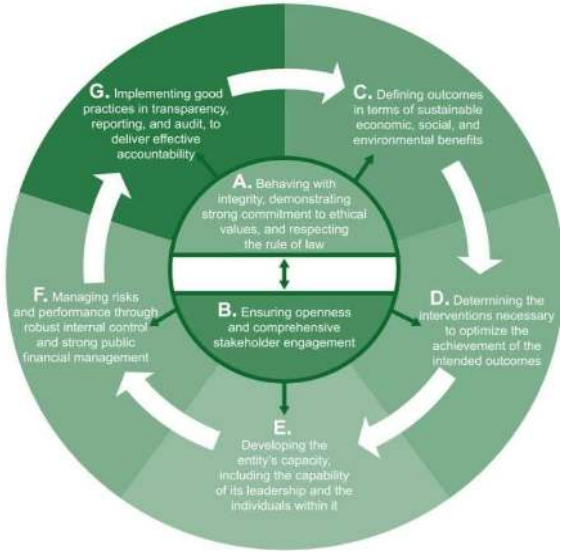
1.2 The Delivering Good Governance in Local Government: Framework (2016), published by the Chartered Institute of Public Finance and Accountancy (CIPFA), in association with the Society of Local Authority Chief Executives and Senior Managers (SOLACE), sets the standard for local authority governance in the United Kingdom.

1.3 The framework is designed to help local authorities develop and implement high standards of governance, to ensure that:

- resources are directed in accordance with agreed policy and priorities;
- there is sound and inclusive decision making; and
- there is accountability for the use of resources to achieve desired outcomes for residents and communities.

1.4 The framework sets out seven core principles, as illustrated in Figure 1 below, that underpin good governance in the public sector. It shows that achieving good governance is a continuous process of evaluation and review.

Figure 1 – Delivering Good Governance Core Principles



1.5 The AGS demonstrates how the Council's governance arrangements deliver these seven principles in practice. It is divided into the following sections:

- Section 2 – explains the key elements of the Council's governance framework.
- Section 3 – describes how the Council has reviewed the effectiveness of its governance arrangements in 2025/26 and gives the main findings of this review.
- Section 4 – summarises the actions the Council will take in the year ahead to address the main governance issues identified in the review of effectiveness.

LBWF Council's Governance Framework

2.1 The council is responsible for ensuring that its business is conducted in accordance with the law and that public money is safeguarded and properly accounted for and used in a way that represents value for money. Additionally, the council has a duty under the Local Government Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

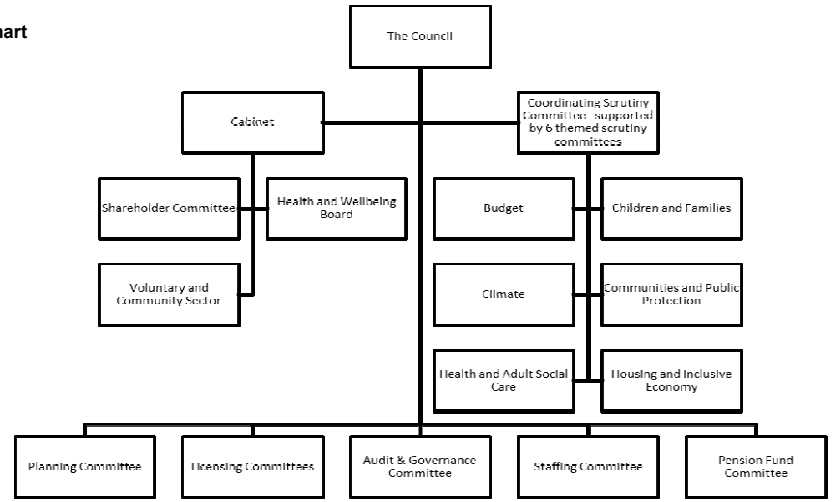
2.2 In discharging these responsibilities, the council is responsible for putting in place proper arrangements for the governance of its affairs and the effective management of risk. To achieve this, the council has adopted practices consistent with the seven principles of the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).

2.3 The council's approach to governance is underpinned by an ethos and shared values in which the highest standard of conduct is expected from all Members and officers.

2.4 2.4.A key component of governance is the council's written Constitution. This sets out how decisions are made and the procedures which are followed to ensure efficiency, transparency, and accountability to residents.
A copy of the Council's constitution can be found of the council's website: https://democracy.walthamforest.gov.uk/ieListDocuments.aspx?CId=76%209&MId=4906&Ver=4&Info=1

2.5 The Constitution defines the roles and responsibilities of the executive, non-executive, scrutiny and chief officer functions. Fig 2, below, illustrates the council's policy and decision-making processes, as defined by the Constitution.

Fig 2 – LBWF council's decision-making structure chart



2.6 Another significant aspect of the council's governance arrangements is its system of internal control, which is designed in accordance with the council's key rules and procedures, including the Constitution, Code of Conduct for Employees and Financial Regulations. The system of internal control is intended to identify the risks that threaten the achievement of the council's strategic aims and objectives, to evaluate the likelihood and impact of those risks, and to manage them efficiently, effectively and economically.

2.7 Appendix A sets out in more detail the core elements of the council's code of governance and demonstrates how these align to the seven principles of the CIPFA/SOLACE framework.

2.8 The rest of section 2 highlights certain aspects of the council's governance arrangements that have seen significant developments in 2025/26

The Council's Corporate Governance Review

2.9 The Constitution Working Group regularly reviews and updates the Constitution. The overall aim is to:

- Ensure the Constitution is compliant with relevant legislation.
- Review the Terms of Reference for Committees.
- Update Schemes of Delegation, Procurement Rules and Financial Regulations, including researching best practice.
- Update the Code of Conduct for Members and the arrangements for dealing with member complaints; and
- Ensure the constitution is accessible.

2.10 During 2025/26 several updates were resolved and updated within the Constitution, this included, but was not limited to:

- Scheme of Delegation (May 2025)
- Council Procedure Rules (October 2025)
- Councillor Code of Conduct (October 2025)
- Protocol of Honorary Alderperson (December 2025)
- Councillor Allowance Scheme (February 2026)

2.11 The council also reviewed its scrutiny arrangements across the council with a new structure that came into effect in May 2024 that will be further rationalised from May 2026.

2.12 The revisions to the scrutiny structure have been made to better align with the priorities for the organisation as set out in the council's Corporate Framework: Mission Waltham Forest. The new scrutiny structure seeks to build greater accountability in the work of scrutiny through the introduction of a Coordinating committee, tasked with coordinating the annual work programmes and reports to council, and scrutiny of council-wide issues such as performance, resident experience and equity and inclusion.

2.13 In February 2026 council resolved to rationalising scrutiny committees further by combining Coordinating Committee and Budget Scrutiny Committee, to ensure demand, performance, budget and risk are considered and scrutinised holistically. This new structure will be in effect from May 2026.

2.14 Effectiveness of the scrutiny structure has been monitored throughout 2025/26 and an assessment of effectiveness will continue to be considered by key stakeholders and the Coordinating Scrutiny Committee and council in 2026/27.

2.15 The Monitoring Officer also reviews local schemes of delegation and internal control arrangements, to further strengthen these arrangements.

2.16 Following any change in political balance of the council, the council must review the allocation of places (appointments) on committees and other bodies subject to the proportionality requirements of the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990.

Complaints Process

2.17 Complaints play a vital role in ensuring accountability to the public and offer valuable insights into organisational performance and staff behaviour, helping to drive continuous improvement in services to residents.

2.18 During the year, 4,945 Stage 1 complaints were received. Of these, 1,384 were closed at triage as duplicate matters. Of the remaining 3,561 complaints accepted for investigation, 76% were responded to within the required timescales

2.19 Performance varied across services. Statutory Housing performed strongly, achieving 90% compliance with Stage 1 response timescales. In contrast, Children's Services and Adult Social Care achieved lower levels of timeliness, resolving 40% and 48% of Stage 1 complaints within timescale respectively.

2.20 Stage 2 complaints remained weak during the year. A total of 736 Stage 2 complaints were received, of which 59% were responded to within the required timescales. While this represents an improvement compared to the previous year's performance of 54.4%, overall timeliness at Stage 2 continues to fall below expected standards.

2.21 The council operates a formal two-stage process for managing corporate complaints. At Stage 1, complaints are allocated to the relevant service area for investigation, with a target response time of 20 working days. From 1 April 2026, the Local Government and Social Care Ombudsman (LGSCO) will introduce a revised Complaint Handling Code, which will require Stage 1 complaints to be responded to within 10 working days. Where a complainant remains dissatisfied following a Stage 1 response, they may request a Stage 2 review.

2.22 The council aims to ensure that when service failures occur, prompt action is taken to put matters right. It is also committed to learning from customer feedback in order to improve service delivery. However, achieving these objectives during 2025/26 has been challenging, due to a significant increase in complaint volumes alongside a reduction in available resources.

2.23 As a result, the current level of overdue complaints across both Stage 1 and Stage 2 does not meet the standards set out by the Ombudsmen, nor does it align with the level of customer service the council expects to provide to its residents.

2.24 The historic position has been weak and has resulted in sustained underperformance across the organisation, creating significant operational, compliance and reputational risks for the council. While the underlying causes are multifaceted, the principal contributing factors include:

- Resource and capability constraints within both service areas and the Corporate Complaints team
- Inefficient and inconsistently applied complaints handling processes
- Challenges associated with the introduction of shortened Stage 1 response times
- A sustained increase in both the volume and complexity of complaints, coinciding with the implementation of the iCasework system in December 2024
- Deficiencies in the rollout and implementation of iCasework, compounded by ongoing system issues, particularly in relation to case closure dates and case allocation

Specific process inefficiencies within the Corporate Complaints Team include:

- Inadequate escalation arrangements for overdue or high-risk cases
- Limited quality assurance and review mechanisms
- Delays in coordinating and issuing responses within agreed timescales

Where Stage 1 resolutions are insufficient, complainants experience prolonged delays, repeated requests for information, and inconsistent decision-making. Ineffective communication and coordination between teams further exacerbates these issues, contributing to customer dissatisfaction and increasing the council's exposure to reputational and financial risk.

2.25 The council's immediate stabilisation response is informed by the lessons learned from the compounding challenges that have contributed to the current critical position. Key priorities include ensuring the team is adequately resourced, strengthening operational resilience to mitigate the impact of sickness absence, single points of failure, and fluctuations in demand, and reviewing and clarifying working practices and operating procedures – particularly in relation to the use of iCasework. In addition, changes to complaints turnaround times must be properly embedded across the organisation and clearly communicated to all relevant stakeholders.

2.26 Longer-term recovery, improvement and transformation will require a sustained and collective commitment to a relational practice model. Governance and accountability arrangements across services will be reviewed collaboratively, and a clear framework for monitoring, performance management, and escalation will be developed and embedded. Service resilience and overall performance are significantly influenced by the quality and effectiveness of working relationships between the Corporate Complaints function and individual council services.

2.27 Section 4 of the AGS explains how the council will monitor the implementation of this plan in the year ahead and details further actions the council is proposing.

Budget Setting

2.28 As outlined in Appendix A, the council maintains a robust approach to its budget setting process to ensure that it can continue to deliver services in a sustainable way within the context of a balanced budget and medium-term financial strategy (MTFS). The council's financial management processes are agile and able to respond to changes in the external environment in order for outcomes to be achieved, despite significant and changing pressures on resources. Other aspects of this process include:

- maintaining an annual MTFS which scans the three years – both internally and externally – to ensure that the council can manage its resources effectively.
- indicative levels of Council Tax, Business Rates and Fees and Charges income to fund essential services.
- the base budget position for the forthcoming year, including cost pressures from increases in service demand and inflation (including contract, energy and pay).
- ensuring balances and reserves are robust and sustainable.
- challenging budget savings proposals to ensure they are deliverable in value and on time.
- taking the MTFS and budget reports through Coordinating Scrutiny Committee to provide a further layer of due diligence.

Responding to the impact of high inflation

2.29 The Consumer Prices Index slowed to 2.8% in the 12 months to April 2026 compared to a 3.3% in March 2026. Despite changes to the rate of inflation, the historical high inflation has had a significant impact on the council's financial planning, eroding available resources, and acting as a constraint on budgets while many residents were also struggling with rising prices. The sections below set out how the council has responded to inflation.

Inflation

2.30 The budget for 2025/26 included a provision of 3% for the pay award. The actual pay award was an increase of 3.2% across all grades. The additional pressure of £0.187m was funded in year from corporate contingency and incorporated within the MTFS Refresh for future years.

2.31 Following the implementation of the new energy contracts in April 2025, secured prices fell by around 20% for electricity and 10% for gas in 2025/26. Markets have remained volatile but the procurement strategy in place helps negate this. For 2026/27, the Council is expecting a slight rise in electricity prices, mainly through the fixed charge elements increasing, and a slight reduction in gas prices. With targeted programmes in place to help reduce consumption levels, the expectation is that the overall spend will remain similar to 25/26 levels. Inflation has also continued to impact our capital and home building programmes. Construction costs inflation was at 3.8% in March 2026 compared to CPI at 3.3%. However, the capital borrowing costs are having the biggest impact as the PWLB rate is currently over 6% over 50 years.

Cost-of-Living Crisis

2.32 The cost-of-living crisis continues to have a significant impact on the council's residents and businesses, and the cost-of-living remains the top concern of residents (Resident Insight Survey, Spring 2025). The council is committed to helping the borough's most vulnerable residents through the cost-of-living crisis.

2.33 In addition to a core offer of support that has been protected despite many years of funding pressure, we continue to provide additional activity to maximise the effectiveness of the council's local response, as outlined below:

- ongoing delivery of the council's core offer of financial and advice support for residents and businesses.
- We have been and will continue to maximise the effective targeting of relevant government grants, such as the Household Support Fund (HSF) which is transitioning into the Crisis and Resilience Fund (CRF) from April 2026 and ensuring they are used to support residents in greatest need. CRF will be funded from April 2026 until March 2029, ensuring continuity of support from HSF which ends in March 2026.
- building on our partnership work with the Voluntary and Community Sector to maximise the reach of cost-of-living support, including through our network of community living rooms;
- On the 12th December 2024, the council agreed to move away from the current council tax support scheme which has been in place since 2023/24 and move towards a banded scheme
- There is an agreed budget for a Discretionary Hardship Fund to offer additional help and support to those suffering the greatest financial hardship as defined in the Discretionary Council Tax Support Hardship Fund policy.

Cyber and Data Security

2.34 The council's focus for cyber security is based on technology, people and processes to identify, protect, detect, respond and recover in the event of cyber-attack. Cyber-crime continues to grow in intensity fuelled by global political tensions and financial objectives that have continued over the last year. The council's ongoing programme of activity to reduce and respond to cyber risk is continuous.

2.35 Current activity of significance has included:

- Security Information and Event Management (SIEM), Security Operations Centre (SOC) and Managed Detect and Response (MDR) services via security partner
- Continued achievement of Public Sector Network Certification (PSN).
- An ongoing training and awareness programme and testing on cyber security for all staff including Cyber Security Month.
- Review of Microsoft services exploited during London council's attack
- External Red Team Exercise and Microsoft Assessments
- National Cyber Security Centre (NCSC) Cyber Assurance Framework
- Emergency Planning and BCP readiness review
- An ongoing mandatory training program for all staff in accordance with the NHS Data Protection and Security Toolkit (NHS DSPT) requirement.
- Implementation of Secure Access Service Edge technology to enhance and improve network and security management capabilities. This includes Secure Web Gateway (SWG), Zero Trust Network Access (ZTNA), Cloud Access Security Broker (CASB).

Commissioning and Procurement

2.36 The council has strong governance arrangements in place in relation to commissioning and procurement practices, to allow it to focus on maximising value for money and affordability, and on delivering user-focused services that meet contractual commitments and are based on strong supplier relationships.

2.37 The council has a clear direction for Commissioning and Procurement as set out in the Procurement Strategy, which sets out the council's general approach regarding money spent with third parties.

2.38 The strategy is supported by the council's Contract Procedure Rules and individual service and commissioning plans. The Procurement service supports officers to comply with the legislative and governance framework for procurement and extensive suites of guidance, templates and forms ensure that important aspects of the procurement and supply process are clearly set out and available to all officers.

2.39 Internal challenge is delivered on significant decisions by the Strategic Commissioning Board, comprising senior managers from all areas of the council and specialist experts.

2.40 While value for money will remain the core objective of procurement, the Procurement Act 2023 requires public sector buyers to take account of national strategic priorities such as creating new jobs, tackling climate change, improving the diversity of their suppliers and innovation.

2.41 Enhanced transparency requirements under legislation include publishing information about future procurement ahead of time, publicising new contract opportunities, procurement results and information on contract performance.

Capital Programme and Governance

2.42 In February 2026, Cabinet endorsed a new Capital Investment Strategy, a key component of its Budget. The strategy sets out the council's capital programme over the next ten years, which invests £733.43 million into schools, transport improvements and infrastructure, new and affordable housing development, improvements to council owned homes and strategic corporate property initiatives.

2.43 The strategy demonstrates how the substantial planned investment is aligned to and delivers its strategic priorities established in Mission Waltham Forest and also that the council's investment plans are affordable to the council and prudently managed. Additionally, to support strong financial management the strategy also continues to operate its 'Capital Prioritisation Framework'. The framework will guide strategic decision-making around current and future capital investment to focus spend on maintaining delivery of established capital schemes, avoid the addition of new pressures to the Medium-Term Financial Strategy (MTFS) and where possible, ensure investment helps to alleviate budget pressures.

2.44 The capital programme is underpinned by a robust delivery and governance framework, with strategic projects corporately governed by Programme Boards, with senior responsible officers, cross-council stakeholders and technical experts part of Boards. These report to the Capital Strategy and Asset Management & Strategic Asset Management Group (CSAMG & SAMP), Strategic Leadership Team (SLT) and Housing and Economy, Leaders Mission Board which provide senior leadership and member input to both the capital programme and individual projects.

2.45 Complementing the capital programme is the Asset Transformation Strategy. Both strategies ensure that the council has a strategic, long-term approach to managing and enhancing both its corporate estate and community asset base.

Lead the way for a net-zero borough

2.46 The long-term nature and impact of many of local government's responsibilities mean that it should plan for sustainable outcomes that are within its financial means and take a longer-term view when making decisions that balance the combined social, economic and environmental impact of policies.

2.47 The council demonstrates this in one of its six strategic missions, to tackle the Climate Emergency head on, paving the way for net-zero in Waltham Forest. In addition to the council governance, we have a mission-based approach across the council with officers working collaboratively across Directorates to deliver the priorities in the climate action plan. This is scrutinised by a specific Climate Scrutiny Committee. Finally, we have a Resident Climate Panel with a representative group of 100 residents to ensure we are accountable to the public but also that our climate programmes are designed effectively and shaped with their unput. The council has a strategic risk to adequately respond to the Climate Emergency and delivery of the Climate Action Plan. The risk and responding mitigation actions are reviewed and reported on a quarterly basis.

Resident Financial Services

2.48 During 2025/26, the council's Resident Affairs service was inspected by the Office of the Public Guardian (OPG). This assurance visit is part of a programme of CQC-style inspections of council teams protecting the assets of residents who lack the capacity to manage their financial affairs. The Waltham Forest team looks after the finances of over 250 vulnerable adults and their work ranges from the management of benefits and pension income to complex property issues.

2.49 The OPG selected a sample of cases, and the team were asked to submit supporting evidence to demonstrate how we are supporting each client as their court appointed Deputy. Each client is visited in their own home or care setting across the borough. Following a review of these findings, an onsite meeting looked at individual recommendations; and whether the wider management and administration follow the new Deputy Standards introduced in February 2023.

2.50 Waltham Forest met all the Deputy Standards, including deputyship obligations, best interest decision-making, interactions with clients, financial management, financial record keeping, and property management. In addition, the OPG praised the council highly, indicating that it is one of the best local authority deputyship teams they had visited, and highlighting that the team "work diligently, meeting the deputy standards, putting the best interest of the client first." In 2025/26 the team continued to apply the same approach to meeting the Deputy standards.

Emergency Planning and Business Continuity

2.51 The council continues to take steps to strengthen its organisational readiness to respond to incidents and service challenges across the council. This work reflects a appetite commitment from senior leaders to improve the processes, systems and governance arrangements in place to effectively manage emergencies and wider organisational resilience, and to protect and support our residents in line with Mission Waltham Forest.

2.52 Central to this work was the council's commissioning of an Independent Review of Emergency Planning & Resilience arrangements in 2024/25 to assess the overall structure, organisation and culture of the emergency planning environment, the council's capabilities in its response obligations, and identifying opportunities to enhance emergency planning and resilience within the Borough.

2.53 The independent review identified strengths, including a proactive leadership team and engaged elected members, but also noted areas requiring further development including governance arrangements. The report made a number of strong recommendations which officers have already used to develop an action plan containing prioritised actions.

2.54 A key priority is the establishment of a Corporate Resilience Board, chaired by the Chief Executive. The board, which is expected to have its first meeting in early summer 2026 will provide clear oversight and governance of Emergency Planning and Business Continuity activity including planning, exercising, and policy implementation. This Board will build upon work previously undertaken by the organisation in 2024/25 in response to the recommendations in the Phase 2 report of the Grenfell Tower Inquiry.

Review of Effectiveness

3.1 The council has a responsibility to conduct, at least annually, a review of the effectiveness of key elements of its governance framework including the system of internal control. The council has undertaken this review in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016). The review has drawn on the following sources of information:

- External Audit outcomes
- Internal Audit outcomes, and the Head of Internal Audit's annual opinion
- Audit and Governance Committee reports
- Work of Governance Board
- Reports from inspectorates and Ombudsmen
- Scrutiny arrangements
- Risk management arrangements
- Information governance arrangements including the work of the Information Governance Board
- Performance and budget monitoring information
- Work of the Strategic Commissioning Board
- Work of the Constitutional Working Group

3.2 Further details on some of the key sources of information considered in the review are set out below. In addition to this annual review, senior leadership and management routinely review elements of the governance arrangements throughout the year, to streamline and improve processes and make sure these arrangements remain fit for purpose.

This governance structure aimed to ensure all high priority projects across the council have senior officer and member input and keep pace with the evolution of the organisation. The routine review of internal governance is underpinned by the following principles:

- Enable holistic and strategic decision making.
- Embed a culture of constructive corporate performance and financial management.
- A focus on putting residents at the heart of decision making.
- Clear structures and opportunities for political and corporate input
- Break down silos and hierarchies.
- Space for thoughtful consideration and strategic thinking.
- Robust processes with flexibility to respond to urgent or emerging challenges and risks.
- Realising the golden thread between internal governance and the principles set out in Mission Waltham Forest:

External Audit

3.3 KPMG are the current external auditor appointed by Public Sector Audit Appointments. A Disclaimer of Opinion was issued for the 2024/25 accounts because the auditor was unable to complete the procedures required to obtain sufficient evidence, over a number of areas of the financial statement, to issue an unmodified opinion ahead of the backstop date of 27th February 2026. The council faced the same audit issues and opinion over these last few years, as did many other councils in the country and therefore we are not an outlier in that respect.

3.4 The Auditor's Annual Report (AAR) and Year End Report to Audit and Governance Committee (ISA260) for 2024/25 identified one significant risk related to Financial Sustainability as part of the Value for Money audit. The auditor also identified one priority one and two other priority three control deficiencies. These reports were presented to the Audit and Governance Committee on the 18th February 2026.

3.5 The auditor's recommendation for the Financial Sustainability risk and control deficiencies are as follows:

Financial Sustainability - "We recommend that the council uses its existing governance and reporting structure to clearly report whether the required recurrent savings to achieve the medium-term financial strategy are being achieved. This should include tracking of demand management programmes and achievement of transformational objectives and cost savings at a service level and the degree to which these are achieving the required targets. Explicit, routine reports should set out progress against all recurrent savings required to deliver the MTFS and the extent to which the council remains dependent on reserves, corporate underspends or exceptional financial support. This should include a clear assessment of whether savings are on track, delayed, at risk, or undeliverable, the financial impact of any slippage on the structural deficit and management actions being taken to secure delivery where risks are identified. At a total net expenditure level, clear tracking against the required trajectory for achieving financial balance and maintaining required minimum reserves should form part of the regular reporting to Cabinet."

Priority one control deficiency - "the council has a large balance of debtors and creditors, and this is not uncommon for a local authority. Gaining assurance over these balances is critical to both being able to conclude over the balance sheet, but also the CIES because of the impact of accruals and prepayments on the balances reported in the CIES. To be able to audit these balances the council needs to produce reports setting out the makeup of these balances, excluding any settled transactions. For instance, a report of accrued expenses needs to exclude those accruals which have been matched against an invoice received. The council has not yet been able to design reports within the new Oracle ledger which allows those debtors and creditors to be identified. In order to fully rebuild assurance over the council's financial statements, the council will need to develop, validate, and provide these reports so that debtor and creditor balances can be audited in a future period. To allow a return to an unmodified opinion as quickly as possible, the production of these reports should be prioritised."

Priority three control deficiency – Automatic posting of fees income "The council has a system where income from fees and charges is automatically posted in the ledger upon receipt. The council's system was incorrectly posting revenue against debtors instead of cash because the system was not updated to properly integrate with the council's Oracle ledger (it was still set up to integrate with the former SAP ledger). Whilst the council does manually correct these postings, the effort required results in an inefficiency and creates an opportunity for an error to be made. The council should correctly integrate the cash management system and Oracle so that postings are correctly and automatically made."

Priority three control deficiency – Senior Officer remuneration information for schools "For two schools we were unable to recalculate the figures disclosed for staff per salary banding. Having requested the detailed workings behind the disclosure so as to investigate the variance, the council has struggled to obtain the relevant data from the schools. This means the council did not have full and complete information to prepare the disclosure. The council should ensure it retains all relevant supporting information from schools so as to prepare disclosures involving school data."

3.6 The council recognises the significance of the auditor's findings and recommendations. We continue to manage and best plan for the future under the difficult financial climate we face to set a balanced budget for the medium term with savings and efficiencies identified to be delivered. We are working to address the control deficiencies and have been undertaking a programme of improvements to our financial systems, which include reconfiguration, better reporting and documentation.

3.7 The timely completion of external audits is vital in providing local authorities with accurate and reliable financial information to plan and manage their services and finances effectively. It ensures local authority financial arrangements, including whether value for money is being achieved, are transparent to the taxpayer, and facilitates assurance for the public sector more broadly through the audit of the Whole of Government Accounts.

Internal Audit

3.8 The council's Internal Audit Annual Plan outlines a structured programme of assurance activity, designed to provide the Section 151 Officer, senior management and Members with independent assurance that, for the areas included in the plan, the council operates in compliance with applicable legislation and internal policies and that appropriate actions are being taken to mitigate identified principal risks.

3.9 The 2025/26 Internal Audit plan included 819 planned audit days (an increase of 11% from 2024/25), resulting in the completion of 57 audit engagements. These covered all council directorates, and included a number of cross-cutting reviews, ensuring comprehensive coverage of key risk areas.

3.10 Follow-up of audit recommendations in 2025/26 demonstrated a reasonable level of engagement from directorates. Just under 40% of high-risk actions were fully implemented, with over half partially implemented. 52% of medium risk actions were fully implemented, with 34% partially implemented. Overall, 87% of high and medium risk recommendations were found to be implemented or partially implemented at follow-up. A further programme of work is planned for the first quarter of 2026/27 to assess the implementation of the remaining open actions. Residual risks will be closely monitored through follow-up audits in 2026/27.

3.11 The Internal Audit service is currently undertaking its first self-assessment against the new Global Internal Audit Standards which came into effect in January 2025 and the UK public sector application note applied from April 2025.

Member complaints

3.12 The Monitoring Officer is responsible for considering whether complaints about a breach of the Code of Conduct for Members should be investigated, and for hearing complaints which have been investigated.

3.13 The Monitoring Officer deals with all complaints against members in consultation with the council's statutory independent person. Ten complaints were referred to the Monitoring Officer to deal with alleging breaches of the council's Code of Conduct by Members, none of which were upheld. This compares to three complaints being received in 2024/25 none of which were upheld.

3.14 A summary of the ten complaints is provided below.

Date referred	Nature of issue	Outcome
Jul-25	Wide-ranging allegations of statutory failure and Code of Conduct breaches arising from housing issues	The issues were operational housing matters rather than councillor conduct; no Code of Conduct issues identified. No further action.
Jul-25	Twitter exchange with another councillor relating to Middle East politics	Agreed no breach; comments made in a personal capacity and unrelated to council business, though noted sensitivity of language if acting as councillor. No further action.
Jul-25	Complaint about tone and timing of an internal email to staff following closure decision	No breach of the Code of Conduct; no further action.
Nov-25	The Complainant objected to her neighbour's outbuilding and raised concerns through planning enforcement, councillor surgeries, and formal correspondence and an alleged lack of response from both councillors and dissatisfaction with how her objections were handled.	No breach of the Code of Conduct – No further action
Dec-25	Facebook post alleged to have influenced a consultation	Agreed no breach; post did not undermine impartiality or confidentiality – No further action
Jan-26	Alleged prolonged non-responsiveness and inaccurate statements	Complainant accepted apology from member and mitigation; agreed no breach of the Code of Conduct – No further action
Jan-26	Failure allegedly to respond to a resident following a surgery	Agreed no breach; councillor had in fact raised the matter with officers. No further action.
Feb-26	Alleged confrontation at a private business	Agreed matter was private and not in an official capacity; no jurisdiction under the Code of Conduct. No further action
Mar-26	Councillor inadvertently copied complainant into internal ASB-related email	Agreed no breach of the Code of Conduct; - no further action
Mar-26	Alleged filming and posting of images of resident	On balance agreed matter was private and not in an official capacity; no jurisdiction under the Code of Conduct. No further action.

Overall observations

3.15 In all 10 cases identified since April 2025, both the council's Monitoring Officer and the council's statutory independent person agreed there was no breach of the Code of Conduct.

- Common themes included: Allegations of non-responsiveness or poor communication by councillors
- Complaints arising from operational service issues (notably housing, libraries, and adult social care);
- Concerns linked to social media activity, including whether councillors were acting in a personal or official capacity;
- A small number of cases involving high-volume or repeat complainants, including consideration of the Unreasonable Behaviour Policy.
- While communication could have been better, this did not reach the threshold for a standards investigation.
- In cases involving prolific correspondents, advice supported proportionate management of contact, with an emphasis on clear explanation and evidencing where restrictions under the council's Unreasonable Behaviour Policy were proposed.

Outcomes

- All matters were closed at the initial assessment stage, without referral for investigation.
- The Independent person's views provided independent assurance and supported timely, defensible decision-making by the Monitoring Officer.
- No matters escalated to the Standards Committee or resulted in formal sanctions.
- The pattern of referrals demonstrates:
  - **Robust triage arrangements** for councillor complaints;
  - Appropriate use of **external assurance** on sensitive or borderline cases;
  - A **consistent and well-evidenced approach** to distinguishing between service complaints
- There is **no emerging risk trend** indicating systemic councillor misconduct. Instead, complaints largely reflect dissatisfaction with council services or misunderstandings of the Code of Conduct.

Whistleblowing Incidents

During 2025/26 the council received 10 whistleblowing disclosures. All matters were handled in line with the council's Whistleblowing Policy, with appropriate senior officer oversight, and were managed proportionately according to risk and evidence.

1. Anonymous allegation against an employee at Service Store relating to an alleged conflict of interest
2. Anonymous allegation relating to HR issues at Bancroft Primary School
3. Allegations relating to the procurement and client management of the Gulp contract by ICT
4. Anonymous complaint about a support worker within Children's Services claiming overtime
5. Complaint relating to bullying and inappropriate recruitment within Library Services
6. Lack of enforcement on an estate in relation to disabled parking
7. Concern about the internal processing of Blue Badge applications
8. Concern relating to the curriculum at the Adult Learning Centre
9. Allegations against an officer for potentially failing to declare a second job
10. Anonymous allegation of conflicts of interest at Downsell Primary School

3.16 Eight of the 10 matters raised did not meet the statutory or policy threshold for whistleblowing and were appropriately redirected or dealt with through alternative processes, including HR or internal routes. The remaining two were dealt with as follows:

3.17 One of the complaints related to the commissioning by the council of the ICT contract with Gulp to review the council's website, as well as the client management of the contract, including alleged financial mismanagement issues. This was fully investigated and the Monitoring Officer was satisfied that it was properly procured and has delivered (in the main) value for money and demonstrable outcomes.

3.18 Another whistleblowing matter raised during the period arose in November 2025 and related to Downsell Primary School. An anonymous whistleblower made a series of allegations, including claims of undeclared conflicts of interest linked to an external education business operated by a family member, potential misuse or diversion of SEND funding, weaknesses in governance and financial oversight, and concerns regarding leadership conduct and safeguarding practice. Further representations were received over subsequent months.

3.19 A formal whistleblowing investigation was commissioned and undertaken, led by the Strategic Director of Children's Services with oversight from the Monitoring Officer and support from the council's Audit and Fraud Team. The investigation included interviews with senior school leaders and governors, examination of declarations of interest, review of Companies House records, consideration of financial assurance and audit activity, and assessment of SEND funding arrangements and practice. The investigation concluded in March 2026 and did not substantiate allegations of fraud, financial impropriety, misuse of public or SEND funds, or misconduct. While the investigation did not uphold the substantive allegations, it identified areas where governance and controls could be strengthened, and a number of recommendations were made and accepted to reinforce transparency, declarations of interest, secondary employment arrangements and site access controls.

3.20 Overall, the council is satisfied that its whistleblowing arrangements operated effectively during the year. Disclosures were taken seriously, investigated or assessed appropriately, and overseen by senior officers. No whistleblowing matters during the period resulted in findings of fraud, corruption or systemic control failure. Where improvements were identified, these have been addressed through management action, providing assurance over the effectiveness of the council's governance framework.

Risk Management

3.21 The Risk Management Strategy was agreed by the Audit and Governance Committee in July 2022 and ensures effective management of risk in support of the council's Missions, supported by operational and strategic risk registers. The Corporate Risk Register is updated quarterly and reported to Senior Leadership Team and Audit and Governance Committee.

The key risks identified within the strategic risk register include:

Financial stability and resilience

- Breakdown in financial strategy and resilience and in particular pressures in relation to
- Adult Social Care, Children Social Care overspend, SEND (Special educational needs and disabilities) and High Needs Block funding spend

Housing

- The cost of meeting the council's statutory duty to provide temporary accommodation to eligible homeless household's places significant financial pressure on the council's general fund.
- The challenges to deliver affordable housing and regeneration

Community safety

- Maintaining a safe community environment and community safety

Section 2 of the AGS sets out the arrangements the council has in place to manage these risks, including flexible and robust medium term financial planning arrangements.

CIPFA Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the FM Code authorities can demonstrate their financial resilience in meeting foreseen demands and unexpected financial shocks. The Medium-Term Financial Strategy is prepared in line with the FM Code.

Freedom of Information and Subject Access Requests

3.22 In 2025-26, the council received 2197 Freedom of Information (FOI) requests, representing a 12.2% increase compared to the previous year. The council responded to 71.9% of requests within the statutory 20 working day timescale, which is below the Information Commissioner's Office (ICO) expectation. It is a significant decrease on the previous year where the performance was 92%.

3.23 During the same period, the council received 679 Subject Access Requests (SARs), of which 405 were responded to within the reporting year. Due to the complexity of current performance calculations, it has not been possible to provide an accurate assessment of compliance against statutory timescales. Work is underway to address these reporting limitations, with improved performance monitoring expected to be in place during 2026/27. As at March 2026, there were 190 live SAR cases outstanding.

Data Protection

3.24 The council is required by law to refer data breaches to the ICO where they meet the threshold for reporting. A total of four incidents were reported by the council to the ICO in 25/26.Four incidents met the reportable threshold to the ICO. The main causes were accidental disclosure, failure to redact, and issues related to records management.

3.25 The ICO can also issue practice recommendations or fines in relation to breaches of data protection legislation. There have been no practice recommendations issued against the council in 2025/26.

3.26 Individuals are entitled to escalate complaints to the ICO, where they have a Freedom of Information, Data Protection or Environmental Information concern, for example a late/incomplete subject access request, or alleged data breach of data protection legislation. The ICO can issue a decision notices in response to a complaint (this can be for or against the council). A total of 8 decision notices were issued by the ICO. The Information Commissioner's Office (ICO) issued several findings regarding the council's compliance with the Freedom of Information Act (FOIA). Each finding is outlined below, along with the number of times it occurred:

- Section 16 Breach: On one occasion, the Commissioner determined that the council breached section 16 of the FOIA by failing to establish the correct objective of the request when reviewing the final portion of the information sought.
- Postal Copy Not Provided: On one occasion, the ICO found that the council did not provide a postal copy of the information when initially responding to a Freedom of Information request.
- Section 10 Breach: On one occasion, the ICO concluded that the council failed to issue a substantive response to a FOI request within the required 20 working days, resulting in a breach of section 10.
- Section 11 Breach: On two occasions, the ICO determined that the council did not comply with section 11 of the FOIA, as it failed to provide the requested information in the format preferred by the requester.

3.27 The ICO can also issue practice recommendations or fines in relation to breaches of data protection legislation. There have been no practice recommendations issued against the council in 2025/26.

3.28 The ICO carries out compulsory audits or asks organisations to participate in a ‘consensual ‘audit. The council has not been required to participate in any audits by the ICO in 2025/26.

3.29 Individuals are entitled to appeal an ICO decision notice or data protection complaint to the First Tier Tribunal (FTT). Whilst these appeals are against the ICO, the council can be added as a second respondent by the ICO or the FTT. The council was added as a second respondent to one FTT complaint in 2025/26.

Care Quality Commission and Ofsted

3.30 The Care Quality Commission (CQC) is an independent regulator of health and social care in England. Inspection of Local Authorities recommenced in 2023. Since then, many Local Authorities have received a rating from the regulator ranging from inadequate to outstanding. CQC began notifying North East London Authorities early 2025 with Waltham Forest receiving notification in March 2025 and the onsite inspection taking place in July 2025. Ofsted is a government department that inspects services providing education for learners of all ages. Ofsted reports are published on its website. The latest Ofsted reports for 2023/24 show that of the council’s maintained schools:

- 20.4% of schools are Outstanding
- 77.3% of schools are Good
- 2.3% of schools Require Improvement

Regulator of Social Housing

3.31 The Regulator of Social Housing (RSH) regulates for a viable, efficient, and well governed social housing sector, able to deliver quality homes and services for current and future tenants. The RSH does this by setting standards and carrying out robust regulation focusing on driving improvement by social landlords, including local authorities.

3.32 Inspections are an integral part of the RSH’s regulatory approach. The RSH uses inspections of landlords to help it form its view about how well a landlord is delivering the outcomes of some or all of its standards.

3.33 Between December 2024 and March 2025, the RSH carried out an inspection of the Housing service’s compliance against the RSH’s Consumer Standards. The council was awarded a C2 grading by the RSH and we are one of nine local authorities within London to receive a C2 grading or higher. The C2 grading is the second highest rating against the consumer standards, and it indicates that while the council is broadly meeting the consumer standards, there are some areas that need improvement.

3.34 The Inspection outlined areas where improvement is required, such as increasing the number of homes that meet the Decent Homes Standards, improving the timeliness and efficiency of the repairs, having clearer tenancy management policies with better engagement with hard-to-reach groups and completing outstanding remedial actions arising from fire risk assessments and outstanding electrical safety check. These key areas of focus were agreed as part of the Housing Improvement Plan for the monthly RSH-Provider scrutiny improvement meetings.

The RSH is satisfied with the progress to date and has recently agreed to move from monthly to bimonthly meetings

Local Government and Social Care Ombudsman and Housing Ombudsman

3.35 The Local Government and Social Care Ombudsman (LGSCO) conduct independent, impartial investigations of complaints about service failure and maladministration in Local Authorities, in line with Part III of the Local Government Act 1974. The LGSCO sends the council annual reviews of its performance, they are reviewed by SLT and the Audit and Governance Committee.

3.36 For the sake of openness and transparency there was an error in last year's statement at para 3.28 when information was erroneously included from the previous AGS 23/24. The latest available Annual Review letter dated 9th July 2025 covering the period 2024/25, shows the LGSCO upheld 70% of complaints against the council (compared to similar authorities which is 84%) and were satisfied the council had successfully implemented its recommendations in all cases. The council provided a satisfactory remedy before the complaint reached the Ombudsman in 5% of upheld cases. Compensation totalling £11,625 was issued in 2024/2025 following complaints upheld by the LGSCO.

3.37 The Housing Ombudsman (HO) resolves disputes involving the tenants and leaseholders of social landlords and is the final stage for complaints that have already been responded to as part of the council's internal complaints process. An analysis of HO findings and reports does not highlight any significant governance issues, although the council remains under considerable scrutiny. In March 2025, the HO notified the council of its intention to conduct an investigation into repeated service failures. In response, Housing Services produced a complaints improvement plan which provided sufficient assurance for the HO to close the investigation.

Ofsted and CQC Children's Services Inspections

3.38 In January 2026 Children's Social Care services received a Focused visit from Ofsted to look at MASH arrangements and practice. The partnership has continued to progress the SEND improvement plan following the February 2025 inspection with oversight from the SEND Strategic partnership Board.

3.39 Our in-house residential children's home Leyton Green Road was inspected by Ofsted in November 2025, receiving Good in all areas and an overall Good judgement. Ofsted was very positive about the home and levels of care it provides to children.

Our Adult Social Care Inspection concluded in July 2025 with the final result being made available in November. The overall rating was 'Good'. Learning from experience, the team have developed an improvement plan to further strengthen practice.

Budget Outturn Position

3.40 A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it enforces financial discipline, strategic allocation of resources, efficient service delivery and accountability

3.41 The council's general fund outturn position for 2025/26 includes service pressures of £25.231m which have been fully funded from a mix of sources including corporate balances, section 31 grant, business rates pool, and a drawdown of £2.710m from reserves.

3.42 The total revenue reserves at 31st March 2026 are £58.053m. This includes a balance of £3.704m at 31st March 2026 for the budget strategy reserve which is required to manage service budget risks and investment in the Transformation Programme. For the period covered by the latest Medium Term Financial Strategy to 2028/29, the council will utilise the option to apply flexible capital receipts to fund the Transformation programme. These reserve balances exclude the general fund working balance of £14.9m.

3.43 The final outturn position for 2025/26 reflects the high demand for services for both Adults and Children and Education with a combined overspend of £14.269m. The Housing General Fund service overspent by £12.739m largely attributed to the continued demand and cost of temporary accommodation (TA). During 2025/26, the Council successfully reduced the number of households in TA. At year-end, 1,577 households were in TA, marginally lower than the 1,581 reported in March 2025 and a reduction from the peak of 1,710 in September 2025. Despite this success, the council's position reflects the wider national and London-wide trend. Local Authorities continued to face unprecedented homelessness pressures driven by a shortage of affordable housing, high private sector rents, and increasing demand for statutory homelessness services. London Boroughs collectively spend more than £5m per day on homelessness and temporary accommodation, with costs continuing to rise significantly faster than local authority funding; government has not increased the Temporary Accommodation Housing Subsidy since 2011. Over the year, the average weekly net cost of TA increased by almost 4%, rising from £262 in March 2025 to £272 in March 2026.

3.44 The outturn position for the Housing Revenue Account is a total surplus of £6.732m which is transferred to the HRA reserves and increases the balance to £13.637m.

3.45 The approved budget for the 2025/26 capital programme was £171.958m and actual spend against this was £143.242m. The programme included investment into schools, highways and streetlighting, property, area regeneration, the delivery of new and affordable homes, investment into our response to the Climate Emergency and investment into council-owned homes via the HRA.

3.46 The financial position of the council's schools remains challenging, mirroring the national picture with schools facing increasing cost pressures.

3.47 The council is currently formulating recovery plans to ensure schools future sustainability. This issue will be monitored through section 4 of the AGS.

LGA Corporate Peer Challenge

3.48 The Corporate Peer Challenge is a valued improvement and assurance tool offered by the Local Government Association to councils. It is sector led, through the use of member and officer peers.

3.49 In June 2024, the council took part in a Corporate Peer Challenge, where the peer team undertook a review of key finance, performance and governance information and then spent four days at the council, providing provide robust, strategic, and credible challenge and support. Following the Corporate Peer Challenge, a report outlining key findings and recommendations from the peer team was shared with the council. In the spirit of openness and transparency, the council published this report, alongside an action plan in response to the findings.

3.50 As is standard, a Peer Challenge Return Visit was completed in April 2025. Following the progress review visit, the Peer Team's findings were presented in the Corporate Peer Challenge Return Visit Report, outlining the progress made in response to recommendations. In the spirit of openness and transparency, the council was required to publish this report. This marked the final part of the Peer Challenge process.

3.51 A progress review and progress update against the action plan was presented to Scrutiny Coordinating Committee in December 2025, and included highlighting areas where the council has demonstrated strong progress and positive impact since the original Corporate Peer Challenge.

Governance Issues

4.1 A key element of the annual governance statement is to identify any significant governance issues. Table 2 below summarises the governance issues which management will continue to monitor and address in the year ahead.

Table 2 – Governance issues to monitor in the year ahead

Governance issue	Action	Responsible Officer	Target Date
The council continue to keep the articles of the constitution under review and make any necessary changes	The Constitution I Working Group will oversee this work and recommend to Audit and Governance Committee and then Full Council the necessary revisions to the constitution	Corporate Director of Governance and Law	Ongoing
The council has a significant backlog of complaints and SARS, and the response times have been impacted negatively. There is increased scrutiny from the Housing Ombudsman and the Local Government and Social Care Ombudsman. The SARs backlog will become a concern for the ICO if it is not brought into line with their statutory response timelines. The complaints process is an important way service users and the public can hold the council to account. A deterioration in this process can erode the council's ability to demonstrate ethical conduct and the delivery of desired outcomes.	The Complaints Recovery Programme has been in place since May 2025 and has already delivered significant improvements across the organisation. The iCasework system has been updated to resolve long standing operating issues, comprehensive training has been rolled out to staff across all services, and teams have been working consistently to a 10 day response window. As a result, performance has strengthened and greater stability is now visible across the organisation. To maintain momentum and embed a sustainable model of delivery, the next phase of the programme will focus on three priority actions: • Implementing the recommendations from the recent internal audit, ensuring the corporate complaints framework is robust, compliant and aligned with good practice. • Prioritising FOI and SAR recovery, supported by targeted training, clearer expectations and improved reporting to strengthen statutory compliance. • Establishing a sustainable structure that enables consistent, high quality delivery and provides the resilience needed for long term performance.	Emma Appleford- John	Dec-26

Governance issue	Action	Responsible Officer	Target Date
The approach to internal governance was refreshed in April 2024, and reviewed in 2025 and 2026. The approach seeks to embed principles to create a more collective approach to decision-making to deliver on the ambition for residents, whilst maintaining strong oversight on performance, budget and risk. This governance structure aimed to ensure all high priority projects across the council have senior officer and member input and steer. Our Missions, as set out in Mission Waltham Forest, must be at the heart of decision making. It is important that leadership across the organisation is open to opportunities to develop different ways of working and new capabilities, including different ways of capturing learning and impact. This also involves progress in understanding the issues and gaps associated with challenges our Missions highlight, and focusing on the council's ambitions to tackle inequality, and promote, facilitate and deliver equity within the council and the borough.	Review of internal governance to take place every six months. Undertake alignment exercise and approach with the formal governance forward plan to ensure early steer and strategic oversight. Implement any changes from the most recent review and embed across the organisation.	Corporate Director, Governance and Law	Annual
Adult Transformation Program has an established board providing intra departmental governance ahead of broader reporting to the corporate centre.	Adult Services implemented a comprehensive transformation program in October 24 with a wide ranging set of actions focused on enabling residents to live and age well, whilst the authority strives to maintain a firm financial footing. This work will be overseen monthly by the transformation, strategic leadership teams and the lead Cabinet Member for adults.	Strategic Director of Adult Social Care	
Ongoing monitoring of complaint performance by the Regulator for Social Housing and the more proactive approach taken by the Housing Ombudsman requires consistent improvement particularly in relation to stage 2 complaints handling.	Onboard the new Stage 2 Investigator within the Housing Landlord Services and monitor performance monthly to ensure there is a demonstrable and consistent improvement and that performance reaches target before the end of the financial year.	Strategic Director of Place	Mar-27
The Procurement Act 2023 took effect in February 2025, bringing updated requirements for public sector buyers. One key change is the introduction of stricter transparency obligations, including the need to publicly share details of transactional payments starting in 2026.	Review and update as necessary current Contract Procedure Rules, written procedures, intranet guidance and procurement documentation to ensure compliance with the new Procurement Act. Ensure officers receive adequate training (utilising the Cabinet Office's learning offer) and guidance on the requirements of the Act and the operational and governance changes that will be required.	Director of Procurement	Oct-26

Governance issue	Action	Responsible Officer	Target Date
We must ensure appropriate governance arrangements are in place to drive implementation and provide oversight of Mission Waltham Forest	We have set up a Mission Waltham Forest Transformation Board that provides oversight of our Transformation programmes and ensures their alignment with Mission Waltham Forest. The Board is formed by SLT members and chaired by the Chief Executive, ensuring the programme is driven by appropriate senior leadership accountability.		
	A Mission Waltham Forest Leadership Network also provides coordination across directorates on implementing and delivering Mission Waltham Forest		

Conclusion

4.2 The council has identified a number of governance issues and has proposed a set of actions to address them, as outlined in Table 2 above. It will continue to monitor and address these in the year ahead, and report progress in next year's Annual Governance Statement.

The next section details the key elements of the council's governance framework, and demonstrates how these align to the core principles of good governance set out in the CIPFA/SOLACE *Delivering Good Governance in Local Government: Framework* (2016)

Core Principles of the CIPFA/SOLACE framework	Examples of the governance arrangements the council has in place
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	LBWF Council expects the highest standard of conduct and behaviour from all of its Members and officers. This expectation is formally set out in the Codes of Conduct for Members and Employees, which are underpinned by the Seven Principles of Public Life (the Nolan Principles). The Code of Conduct for Members complies with the most recent report by the Committee on Standards in Public Life titled "Leading in Practice: A Review by the Committee on Standards in Public Life" (January 2023). The Code also complies with the Local Government Association's Model Councillor Code of Conduct. The Audit and Governance (Determination Hearing) Sub-Committee is responsible for hearing complaints about a breach of the Code of Conduct for Members following investigation by the Monitoring Officer and Independent Person. There have been no determination hearings in the year 2024/25 The council's 'Arrangements for Dealing with Complaints under the Members' Code of Conduct' was reviewed and approved by the Council in October 2022. The Director of Governance and Law is the Monitoring Officer. The Monitoring Officer advises Members on the scope of powers to take decisions, maladministration, financial impropriety, and budget and policy framework issues, and can report to Full Council (or to the Executive) if they consider any proposal or decision has or would give rise to unlawfulness. Compliance with policies and legislation is managed through a range of corporate written rules and procedures which define how decisions are taken and the processes and controls required to manage risk and act in the public interest. These include: • The Constitution • Financial Regulations • Procurement, Financial, Property and Employment Procedure Rules • Code of Conduct for Members • Code of Conduct for Employees • Anti-Fraud and Corruption Policy • Whistleblowing Policy • Corporate Complaints Policy The council has an established whistleblowing policy in accordance with the requirements of the 1998 Public Interest Disclosure Act. Whistleblowing arrangements are a key element of the council's overall governance arrangements. It is the mechanism to empower the honest majority in the fight against fraud and corruption. The council's Whistleblowing Officer is the Corporate Director of Governance and Law. Several other policies are also in place and available to officers via the council's Intranet pages, including HR policies (including discipline procedures), information governance policies and service-specific policies. All key policies and guidance for officers, including the Code of Conduct for Employees, are highlighted to new starters as part of the corporate induction process, and compliance is monitored through the council's performance management processes.

Core Principles of the CIPFA/SOLACE framework	Examples of the governance arrangements the council has in place
Principle B:	**Ensuring Openness** The council is committed to transparency and believes residents have a right to see what is going on and to hold the council to account. Council meetings are open to the public; the only exception is for agenda items that are exempt or confidential within the terms of the Constitution. The time, date and location of public meetings are displayed on the council's website. The Forward Plan, published on the council's website, lists the key decisions the council will make over the next four months. All committee minutes and decisions are documented on the council's website in a timely manner, and the criteria, rationale and considerations used in any decisions are clear. The financial, legal, and environmental implications of all key decisions must be considered and publicly reported on the council's website, as is an equality impact assessment for each key decision.
Ensuring openness and comprehensive stakeholder engagement	**Stakeholder and Community Engagement** The council regularly engages and consults with residents and the wider community on a diverse range of issues. Various communication channels are used, including the council's websites, email, social media channels, public meetings and the quarterly Waltham Forest News delivered to residents. The council is committed to engaging extensively with residents and community groups in relation to service delivery, using their insight to shape its communications materials and approach so that the council can make sure important messages reach the right people through channels they trust. Examples of our approaches to engagement include: – **Ongoing work to hear the views of all our communities and gain insights that shape council practice** – including through cross-cutting engagement such as our Let's Talk platform and Resident Insight Survey as well as targeted approaches such as our Young Advisers programme. **- Innovative methods of community participation and co-design** – the Council continues to adopt innovative models of community engagement to give residents a strong voice on the issues that matter to them most – including our Let's Talk programme and the UK's first Citizens' Assembly on the Future of Neighbourhood Policing **- Service-specific opportunities for residents to shape and improve how services are delivered** – including through our Social Care Voice and Influence team and our Housing Engagement & Insight team(driven by our new Resident Involvement Strategy). We also run a Community Safety Citizen's Panel who meet regularly to discuss resident concerns around crime and community safety and to shape policies and provide feedback on initiatives and a similar panel for Climate initiatives. •The council is refreshing its strategic partnership arrangements with the voluntary and community sector (VCS) to promote equalities outcomes for communities with protected characteristics. The former Community Resilience Alliance, which played a key role during the pandemic, is being reformed into the Together for Waltham Forest Partnership, working alongside VCS partners to better align collaboration to the borough's Missions. This work includes the co development of a council–VCS Covenant, setting out shared principles for partnership working going forward. In parallel, sector engagement and support is facilitated through the Community Participation Network, convened by the Waltham Forest council for Voluntary Services (WF CVS), a council enabled and funded infrastructure body established to act as a collective voice for the VCS.

Core Principles of the CIPFA/SOLACE framework	Examples of the governance arrangements the council has in place
Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefits	**Defining Outcomes** The Council's vision is to work toward a more equal borough, where everyone can make the most of their strengths to live the life they want to lead. The council's priorities to achieve its vision are set out in Mission Waltham Forest which presents the strategic framework that will drive the council's work with its partners over the coming years. The scale and cross-cutting nature of the missions in Mission Waltham Forest requires a break from our business-as-usual. We know we need to work differently to produce different outcomes and as we face rising pressure on our services. This means adopting different ways of working and new capabilities, as the organization becomes more mission-based. We know that our missions must have measurable outcomes that show us what success looks like and enable us to monitor our progress. Better use of data, insight and evaluation will enable us to understand our impact, and there is extensive work being delivered by the Council's Business Intelligence function to enable this. The Council's Corporate Impact Framework is aligned to Mission Waltham Forest with over 90 metrics, most of which are updated monthly, selected to ensure alignment with priorities and outcomes that describe success. Commentary is provided by services on a bimonthly basis and a review of the framework was recently undertaken to ensure it is responsive to the council's current context, pressures and priorities. The dashboard is available to all staff via the council's SharePoint and is intended to support staff to make evidence-based decisions and measure impact. It is presented to the council's strategic leadership team, Cabinet members and Scrutiny Coordinating Committee on a bimonthly basis (or as close to this as is possible). The Mission Waltham Forest Transformation Board is also actively engaged in defining outcomes and success measures for our Transformation programmes and ensuring alignment with Mission Waltham Forest. Monitoring of these includes a corporate bi-monthly assurance process, aligned with the Budget Monitor.
Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes	**Determining Interventions** Decision makers receive objective and rigorous analysis of a variety of options when making decisions, indicating how intended outcomes would be achieved and the associated risks, for instance in the challenge and review process that underpins the setting of the annual budget and savings plans. All key decisions include details of the financial, legal, environmental and equality implications, to allow Members and officers to make informed decisions. Through our reporting templates and requirements, we require report authors to articulate the implications of proposed decisions. This is enabled through tools to understand and assess the impacts of changes or decisions, including Equality Impact Assessments and Health Impact Assessments. **Planning Interventions** The council's strategic priorities are fully aligned to the annual budget and medium-term financial strategy. The council has considered long term pressures on funding streams, such as council tax, business rates and the government funding settlement. The council works in partnership with a wide range of organisations from the statutory sector, third sector and business sector to deliver services for local people and drive forward improvements in LBWF. Partnership working includes different types of relationships – from contractual arrangements between the council and other organisations to deliver services or projects through to strategic forums (some of which are required by statute, others voluntary) which bring partners together around the table to agree how best to tackle key challenges and shared priorities. Some have funding to allocate and targets to meet, others provide a steer to inform individual partners' priorities and commissioning. Governance arrangements vary depending on the nature of partnership working but are designed to ensure that the partnership remains appropriate, effective, and fit for purpose. In addition, the council's Financial Regulations provide guidance on best practice in managing partnership arrangements. Where the relationship is a contractual one i.e., funding to deliver an agreed service, the contract or service level agreement will set out requirements around use of funding, what is to be delivered, targets, measurable outputs and how the contract is to be monitored, reviewed and evaluated. Contracts and budgets are managed by the relevant department with the Strategic Director having overall responsibility.

Core Principles of the CIPFA/SOLACE framework	Examples of the governance arrangements the council has in place
	Where the partnership involves sharing data then either a contract or an Information Sharing Agreement will be in place. The Health and Wellbeing Board, which includes membership from the council provides the mechanism for leadership of the local health and wellbeing system, maintaining an overview of account for improvement in health and wellbeing outcomes, and ensuring effective coordination and integration of commissioning plans to secure best use of resources and population health outcomes. In 2023, in light of the new commissioning arrangements in the NHS underneath the ICS (Integration Commissioning System), the Health and Wellbeing Board has been brought together with the Health and Care Partnership Board (the Waltham Forest-level sub board of North East London). This strengthens its alignment with the local and regional commissioning arrangements, and allows it to drive on shared health priorities, including addressing health inequalities and supporting the Promoting Wellbeing workstream. The Inclusive Economy Mission Board was formed in 2025, which brings together anchor partners including health, skills, employment and housing organisation and provides the mechanism for leadership to drive a coordinated and targeted approach to how we improve economic outcome for residents ensuring economic policies, business practices, and initiatives support equitable opportunities and benefits for all, particularly marginalized or underrepresented groups.
	Optimising the Achievement of Intended Outcomes The council has in place a robust Performance Management Framework to ensure effective delivery of services and priorities. Elements are: • Corporate Impact Indicators – performance measures covering the impact of key services and priorities • Internal monitoring and challenge around performance and delivery through Departmental Management Teams and SLT. • Public reporting and scrutiny through reports to scrutiny committees, including more in-depth scrutiny of specific topics. Performance reports are submitted to scrutiny committees on a quarterly basis. The reports are published in papers for relevant meetings on the council's website. **Capital Programme** In March 2026, Cabinet endorsed its annually refreshed Capital Investment Strategy. The strategy is a requirement of CIPFA to ensure that all councils have an affordable capital programme, which is aligned to and delivers its corporate priorities alongside meeting a number of CIPFA's prudential indicators. The strategy endorsed by Cabinet meets all of CIPFA's requirements for capital investment and demonstrates how is 10-year £733.43 million investment programme delivers the council's strategic objectives.
Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it	The council is committed to the ongoing professional development of Members and officers, to ensure everyone has the knowledge and skills they need to carry out their role effectively. After the local elections in May 2022, a significant induction program for new Members was delivered. An ongoing program of training and development is being provided to Members on both a group and individual basis, with several dates scheduled for planned training each year. This program of learning and development is overseen by the Leadership Office and development opportunities are available in a variety of ways including, briefings, site visits, e-learning and conferences. This approach will be reviewed and improved in preparation for the local elections in May 2026: • Access to an online Councillor Hub, which operates as a one stop shop for information for Members. • Identify the responsibility of Members in relation to Mission Waltham Forest. • Establish a member-led Member Design Forum • Create a Learning and Development Programme that runs a full administration cycle. • Put accessibility and equalities at the heart of session design and delivery.

Core Principles of the CIPFA/SOLACE framework	Examples of the governance arrangements the council has in place
	• Outline future induction requirements. • Annually survey Members on key areas of development. Members will also have learning and development opportunities around the specific roles they hold, for example portfolio and scrutiny positions. Sessions include, but are not limited to; Code of Conduct, Safeguarding, Data Protection Personal Safety, Equality, Diversity & Inclusion, Public Speaking, Chairing Skills, Community Engagement, Local Government Finances. Planning for the 2026 member induction commences in April 2025.One of the key Transformation Strands of work in the council will be focused on Workforce and Culture. This work intends to shift the organisation. The council maintains a suite of corporate performance indicators to help monitor delivery of its organisational priorities. These sit within the Corporate Impact Framework, which is aligned with our corporate plan, Mission Waltham Forest. Corporate Performance is reported every two months to SLT, Informal Cabinet and Scrutiny Coordinating Committee. Each report includes narrative insight on highlighted metrics to outline key achievements, operational challenges and emerging priorities, with a focus on the impact of the council's work in delivering against our Missions. This regular cycle of measurement and review helps to identify how we can continually enhance outcomes for residents. A dashboard is available to all staff via the council's internal SharePoint to support staff to make evidence-based decisions and measure impact. We have made a commitment to all our residents to tackle the fundamental challenges facing them and drive the transformation that is needed to achieve this. In an increasingly uncertain environment, with complex challenges, the council must be able to increase early understanding of opportunities to leverage them, and of problems to turn them around, Our Corporate Impact Framework is a key tool for unlocking insights and for keeping us accountable to this commitment. There are seven scrutiny committees within the council, which provide constructive challenge, debate and objective review and hold the work of the Executive and the council to account. They can undertake more in-depth research into particular areas of policy, and request evidence from other service providers and external organisations. The Inner and Outer North East London Joint Health Overview and Scrutiny Committees are formed of the Chairs and in some cases the Vice Chairs of the Health Scrutiny Committees of Barking and Dagenham, Hackney, Havering, Newham, Redbridge, Tower Hamlets, Waltham Forest and the Corporation of the City of London. Its role is to scrutinise strategic sector-wide issues through regular engagement with NHS North East London. The Joint Committees work independently of both the Executive and health scrutiny committees of the parent authorities. Accountability and effectiveness of other service providers is addressed through relevant partnership arrangements, including the Health and Wellbeing Board. **Financial Management** The council has a robust financial management framework in place to support both long-term achievement of outcomes and short-term financial and operational performance. The council sets and monitors an annual budget alongside a three-year MTFS. The MTFS seeks to identify required budget changes almost three years before any given budget report is agreed. As part of the budget process, SLT considers the most recently available budget monitoring information, potential service growth items and savings as well as the latest budget assumptions for the forthcoming financial year. Proposed savings are signed off as deliverable by key stakeholders across the organisation. The thoroughness of the overall budget setting process and emerging risks are considered by the Section 151 officer in their assessment of the overall robustness of the council's budget estimates. These are included within the Section 25 report which is presented as part of the Budget Report The MTFS Refresh and Budget report are also presented to Budget and Performance Scrutiny in advance of Cabinet. In February 2025 the council approved a balanced budget for 2025/26, which included £24.4m of revenue savings, over the MTFS period and an increase in council tax by the maximum of 2.99% plus the Adult Social Care precept of 2%. The Narrative Report accompanying the Statement of Accounts explains how financial performance against budget, reported to the Executive throughout the year, is consistent with the financial performance reported in the Statement of Accounts. CIPFA's Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the FM Code authorities can demonstrate their financial resilience in meeting foreseen demands and unexpected financial shocks. Following the essential aspects of the FM Code shows the council is meeting important legislative requirements. The council undertook a self- assessment against the FM Code as part of its 2022/23 and 2023/24 budget setting process. The compliance analysis is re-visited at least annually as part of the budget setting process, with any actions or recommendations implemented on an ongoing basis.

Core Principles of the CIPFA/SOLACE framework	Examples of the governance arrangements the council has in place
Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability	Clear, honest, and open communication with staff and customers is one of the most essential ingredients in providing effective public service. The council's intranet includes details of best practice and training to help staff communicate effectively in an accessible way with colleagues and service users Information published on the council's website, including in its Publication Scheme includes information on how money is spent, Members' allowances, how decisions are made and senior officer remuneration. We are looking at ensuring certain delegated decisions are also published. This is noted in section 4 of the AGS. Cabinet and full council meetings are live streamed so that residents can see decisions being made the decision and better understand the influence the council has on their lives. The following information is reported annually to Members and is available on the council's website: • Statement of Accounts and Narrative Report • Internal Audit Annual Plan • Internal Audit Annual Report • Anti-Fraud Annual Report • Annual External Audit Report • Annual Governance Statement The Statement of Accounts and accompanying performance information in the Narrative Report is prepared in line with CIPFA's Code of Practice requirements, allowing easy comparison with other local authorities. Recommendations made by external audit are acted upon, and this is reported to Members in external audit's subsequent reports. The council has a formal two-stage process for managing complaints. The process is set out on the council's website and copies are available from the Corporate Complaints Team. The council's aim is to ensure that when things go wrong, it responds quickly to put things right. It tries to learn from and improve its performance in response to customer feedback. Departmental Complaints Officers record and report on all complaints, and the service response is monitored. Customers and residents who are dissatisfied with how the council has dealt with a complaint can contact the Local Government and Social Care Ombudsman or the Housing Ombudsman; independent, impartial, and free services. The Ombudsman has powers to independently investigate complaints about how the council has acted.

SECTION – 7

GLOSSARY OF FINANCIAL TERMS

GLOSSARY OF FINANCIAL TERMS

ACCRUALS

The concept that income and expenditure are recognised as earned or incurred, not as money that is received or paid.

ACTUARY

An independent consultant who advises on the financial position of the Pension Fund.

ACTUARIAL VALUATION

A review is carried out by the actuary on the Pension Fund's assets and liabilities on the Fund's financial position and recommended employers' contribution rates every 3 years reporting to the Council**.**

AMORTISATION

The writing off of a loan balance over a period of time to revenue.

BAD DEBT PROVISION

An amount set aside to cover money owed to the Council where payment is considered doubtful.

BAND PROPORTIONS

(Also known as VALUATION BANDS)

This is the relation that a Council Tax property bears to the 'standard' Band D Council Tax. The band proportions are expressed in ninths and are specified in the Local Government Finance Act 1992. They are: A 6/9, B 7/9, C 8/9, D 9/9, E 11/9, F 13/9, G 15/9 and H 18/9, so that Band A is six ninths of the 'standard', and so on.

BILLING AUTHORITY

A district, unitary or London Borough Council or the Council of the Scilly Isles. The billing authority is responsible for levying and collecting Council Tax in its area, both on its own behalf and that of its precepting authorities.

BUDGET

The budget represents a statement of the Council's planned expenditure and income.

BUSINESS RATE RETENTION

The NNDR pool was replaced in 2013/14 by the Business Rates Retention scheme, whereby authorities retain a percentage of the Business Rates collected. In London, 33% collected go to Central Government and 37% to the GLA, leaving 30% for Waltham Forest.

CAPITAL EXPENDITURE

Expenditure on acquisition of a non-current asset or expenditure that adds to and not merely maintains the value of an existing asset.

CARRYING AMOUNT/CARRYING VALUE

These terms refer to the capitalised cost of a non-current asset, less accumulated depreciation and impairment.

GLOSSARY OF FINANCIAL TERMS (continued)

CASH EQUIVALENTS

Short-term, highly liquid investments that are readily convertible to cash; e.g. bank call accounts.

CODE

The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

COLLECTION FUND

A fund operated by the billing authority into which all receipts of Council Tax and National Non-Domestic Rates are paid. Payments are made from the fund to support the Council's general fund services and to the precepting authorities. The fund must be maintained separately from the authority's General Fund.

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, such as parks and historic buildings.

COMPONENTISATION

The recognition of distinct parts of an asset (components) as separate assets for depreciation purposes.

CONSUMER PRICE INDEX (CPI)

The measure of inflation used for the indexation of benefits, tax credits and public service pensions. The CPI is an internationally comparable measure of inflation and is used to compare inflation across the European Union.

CONTINGENT ASSET

A possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

CONTINGENT LIABILITY

Sums of money that the Council will be liable to pay in certain circumstances. e.g. as a result of losing a court case.

COUNCIL TAX

A system of local taxation, which is set by both the billing and precepting authorities at a level determined by the revenue expenditure requirement for each authority, divided by the Council Tax Base for its area.

COUNCIL TAX BASE

An amount calculated by the billing authority, by applying the band proportions to the total properties in each band in order to calculate the number of band D equivalent properties in the authority's area. The tax base is also used by the precepting and some levying bodies in determining their charge to the area.

CREDITORS

Amounts of money owed by the Council for goods or services received.

DEBTORS

Amounts of money owed to the Council for goods or services provided.

GLOSSARY OF FINANCIAL TERMS (continued)

DEDICATED SCHOOLS GRANT (DSG)

A ring-fenced grant from the Department for Education paid to Local Education Authorities for the Education of Children and Young Adults up to the age of 25.

DEPRECIATION

A provision made in the accounts to reflect the cost of consuming assets during the year, e.g. a vehicle purchased for £30,000 with a life of five years would depreciate on a straight-line basis at the rate of £6,000 per annum. Depreciation forms part of the 'capital charges' made to service revenue accounts and is covered by International Accounting Standard (IAS) 16.

DIRECT REVENUE FINANCING

Funding of capital expenditure directly from revenue budgets.

EARMARKED RESERVES

Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish a provision.

EXIT PACKAGES

The cost to the Council of early termination of staff employment before normal retirement age.

EXTERNAL AUDITOR

The Public Sector Audit Appointments Limited (**PSAA**) appoints the external auditor. The current auditor is Ernst & Young.

FAIR VALUE

Fair Value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no motive in their negotiations other than to secure a fair price.

FINANCE LEASE

A contractual agreement for the use of an asset, where in substance the risks and rewards associated with ownership reside with the user of the asset (lessee) rather than the owner (lessor).

FINANCIAL YEAR

The local authority financial year starts on 1 April and ends the following 31 March.

GENERAL FUND

This is the main revenue account of the Council. It includes the cost of all services provided which are paid from Government grants, generated income, NNDR retention and borough's share of Council Tax. It excludes the HRA. By law, it includes the cost of services provided by other bodies who charge a levy to the Council.

HERITAGE ASSETS

Assets held and maintained principally for their contribution to knowledge and culture. e.g. War memorials and museum stocks.

GLOSSARY OF FINANCIAL TERMS (continued)

HOUSING REVENUE ACCOUNT (HRA)

An account which includes expenditure and income arising from the provision of rented dwellings. It is, in effect, a landlord account. Statute provides for this account to be separate from the General Fund and any surplus or deficit must be retained within the HRA. No costs may be charged to Council Tax nor can Housing Rent income be used to support General Fund expenditure.

IMPAIRMENT

This is where the value of an asset falls below the carrying value in the accounts and so to reflect the commercial reality of the situation a charge is made in the running costs.

INFRASTRUCTURE ASSETS

Non-current assets that are unable to be readily disposed of, the expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.

INTANGIBLE ASSETS

Assets which do not have a physical form but provide an economic benefit for a period of more than one year; e.g. software licences.

INTERNATIONAL FINANCIAL REPORTING INTERPRETATION COMMITTEE (IFRIC)

The body which set financial reporting guidelines based on International Financial Reporting Standards. Since 2009/10, the treatment of PFI was based on the adoption of IFRIC standard 12. IFRIC standard 4 is followed in determining whether an arrangement contains a lease

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Local authorities are required to adopt the International Financial Reporting Standards (IFRS); a code of practice based on an internationally agreed set of financial rules. These dictate a level of analysis and disclosure that allows readers of the Statement of Accounts to gain a clearer understanding of the Council's financial position and activities.

INVENTORIES

Materials or supplies to be used in the production process or in providing services; for this Council, the fuel transport store.

LEVIES

The Council is statutorily required to pay levies to a number of national, London-wide and local bodies. Examples are the North London Waste Authority and the Lee Valley Regional Park Authority.

MINIMUM REVENUE PROVISION (MRP)

A statutory amount, that has to be charged to revenue, to provide for the redemption of debt.

NATIONAL NON-DOMESTIC RATE (NNDR)

More commonly known as 'business rates', these are collected by billing authorities from all non-residential buildings. The poundage level is set by the Treasury. Amounts payable are based on rateable values multiplied by this poundage level.

NEW HOMES BONUS

New Homes Bonus is a Government scheme aimed at encouraging local authorities to grant planning permissions for building new houses and bringing long-term empty properties back into use. The non ring-fenced grant is based on the number of properties.

GLOSSARY OF FINANCIAL TERMS (continued)

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.

NON-CURRENT ASSETS

Assets which yield a benefit to the Council for a period of more than one year.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or a discretionary responsibility.

NON-OPERATIONAL ASSETS

Fixed assets held by a Council, but not directly occupied, used or consumed in the delivery of services; for example, investment properties and assets surplus to requirements held pending sale or redevelopment.

OUTTURN

This is the actual level of expenditure and income for the financial year.

PENSION FUNDS

For the Local Government Pension Scheme, the funds that invest employers' and employees' pension contributions in order to provide pensions for employees on their retirement and pensions for employees' dependants in the event of death of an employee.

PENSION STRAIN

The cost to the Council of reimbursing the Pension Fund should it agree to employees aged 55 and over drawing their pension before normal retirement age.

PRIVATE FINANCE INITIATIVE (PFI)

PFI offers a form of Public-Private Partnership in which local authorities do not buy assets but rather pay for the use of assets held by the private sector.

PRECEPT

This is the method by which a precepting authority (Greater London Authority in London) obtains income from the billing authority to cover its net expenditure. This is calculated after deducting its own Revenue Support Grant. The precept levied by the precepting authority is incorporated within the Council Tax charge. The Council pays the amount demanded over an agreed time scale.

PROPERTY, PLANT AND EQUIPMENT (PPE)

Covers all tangible (physical) assets used in the delivery of services, for rental to others, or for administrative purposes, that are used for more than one year.

PROVISION

Amount set aside for liabilities and losses, which are certain or very likely to occur but where the exact amount or timing of the payment is uncertain.

GLOSSARY OF FINANCIAL TERMS (continued)

PRUDENTIAL CODE

The Prudential Code frees authorities to set their own borrowing limits having regard to affordability. In order to demonstrate this has been done, and enable adherence to be monitored, authorities are required to adopt a number of appropriate 'Prudential Indicators'.

PUBLIC WORKS LOAN BOARD (PWLB)

A government agency, part of the Debt Management Office which lends money to public bodies for capital purposes. The majority of borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury.

PUPIL PREMIUM GRANT

This is based on Free School Meals (FSM) eligibility data as at January each year. It is ring-fenced to schools in the same way as DSG.

RATEABLE VALUE

The Valuation Office Agency (part of HM Revenue and Customs) assesses the rateable value of non-domestic properties. Business rate bills are set by multiplying the rateable value by the NNDR poundage set by the Government for the year. Domestic properties do not have rateable values; instead they are assigned to one of the eight valuation bands for Council Tax.

RELEVANT POPULATION

The population of the London Borough of Waltham Forest, as determined by the Secretary of State, is used to determine the Council's share of Revenue Support Grant.

RETAIL PRICE INDEX (RPI)

The measure of inflation used prior to the adoption of CPI by the Government.

REVALUATION

Recognises increases or decreases in the value of non-current assets that are not matched by expenditure on the asset; gains or losses are accounted for through the revaluation reserve.

REVENUE EXPENDITURE

The regular day to day running costs a Council incurs to provide services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure which is legitimately financed from capital resources, but which does not result in, or remain matched with tangible assets.

REVENUE SUPPORT GRANT (RSG)

The general grant paid by the Government to local authorities to help finance their services.

SURPLUS ASSETS

Assets not being used in the delivery of services that do not qualify as being 'held for sale' under accounting guidance.

SOFT LOANS

Funds received and advanced at less than market rates.

GLOSSARY OF FINANCIAL TERMS (continued)

UNSUPPORTED BORROWING

Local authorities can set their own borrowing levels based upon their capital need and their ability to pay for the borrowing, costs are not supported by the Government so services need to ensure they can fund the repayment costs. The borrowing may also be referred to as Prudential Borrowing.

USABLE CAPITAL RECEIPTS

This represents the amount of capital receipts available to finance capital expenditure in future years, or to provide for the repayment of debt.

ABBREVIATIONS USED IN THE ACCOUNTS:

BRS – Business Rate Supplement
CCG – Clinical Commissioning Group
CIPFA – Chartered Institute of Public Finance and Accountancy
CIES – Comprehensive Income and Expenditure Statement
CPI – Consumer Price Index
DSG – Dedicated Schools Grant
EIP – Equal Interest and Principal
EIR – Effective Interest Rate
FRS – Financial Reporting Standard
HRA – Housing Revenue Account
IAS – International Accounting Standards
ISB – Individual Schools Budget
IFRS – International Financial Reporting Standards
MiRS – Movement in Reserves Statement
MRR – Major Repairs Reserve
NELFT – North East London Foundation Trust
NNDR – National Non-Domestic Rates
NPS – Norfolk Property Services
PFI – Private Finance Initiative
PPE – Property, Plant and Equipment
PWLB – Public Works Loan Board
REFCUS – Revenue Expenditure Funded From Capital Under Statute
RICS – Royal Institution of Chartered Surveyors
RPI – Retail Price Index
RSG – Revenue Support Grant
RTB – Right to Buy